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BEFORE THE ARIZONA CORPORATION COMMISSION

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- 4 Commissioner
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- 8 Commissioner
- 9 BOB STUMP
- 10 Commissioner

ARIZONA CORPORATION COMMISSION
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11 IN THE MATTER OF THE APPLICATION OF
 12 AVRA WATER CO-OP, INC, AN ARIZONA
 13 CORPORATION, FOR A DETERMINATION
 14 OF THE FAIR VALUE OF ITS UTILITY
 15 PROPERTY AND FOR AN INCREASE IN ITS
 16 WATER RATES AND CHARGES FOR
 17 UTILITY SERVICES.

DOCKET NO. W-02126A-11-0480

**NOTICE OF FILING REBUTTAL
TESTIMONIES OF THOMAS J.
BOURASSA AND CHRIS WARD**

18 Avra Water Co-op Inc. ("Avra"), through undersigned counsel, hereby files
 19 Rebuttal Testimony of Thomas J. Bourassa, attached hereto as Exhibit A, and Rebuttal
 20 Testimony of Chris Ward, attached hereto as Exhibit B.

RESPECTFULLY SUBMITTED this 24th day of September, 2012.

MUNGER CHADWICK, P.L.C.

Robert J. Metli, Esq.
 2398 E. Camelback Road, Suite 240
 Phoenix, Arizona 85016
 Attorney for Avra Water Co-op, Inc.

1 ORIGINAL and 13 copies of the
2 foregoing hand-delivered for filing
3 this 24th day of September, 2012, to:

4 Docket Control
5 ARIZONA CORPORATION COMMISSION
6 1200 West Washington
7 Phoenix, Arizona 85007

8 COPY of the foregoing mailed this
9 24th day of September, 2012, to:

10 Jane L. Rodda
11 Administrative Law Judge
12 ARIZONA CORPORATION COMMISSION
13 400 West Congress, Suite 218
14 Tucson, Arizona 85701

15 COPY of the foregoing hand-delivered
16 this 24th day of September, 2012, to:

17 Janice Alward
18 Chief Counsel
19 ARIZONA CORPORATION COMMISSION
20 1200 West Washington
21 Phoenix, Arizona 85007

22 Lyn Farmer
23 Chief Administrative Law Judge
24 ARIZONA CORPORATION COMMISSION
25 1200 West Washington
26 Phoenix, Arizona 85007

Wes Van Cleve
Legal Division
ARIZONA CORPORATION COMMISSION
1200 West Washington
Phoenix, Arizona 85007

1 Scott Hesla
2 Legal Division
3 ARIZONA CORPORATION COMMISSION
4 1200 West Washington
5 Phoenix, Arizona 85007

6 Steven Olea, Director
7 Utilities Division
8 ARIZONA CORPORATION COMMISSION
9 1200 West Washington
10 Phoenix, Arizona 85007

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EXHIBIT A

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BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION
OF AVRA WATER CO-OP, INC., AN
ARIZONA CORPORATION, FOR A
DETERMINATION OF THE CURRENT
FAIR VALUE OF ITS UTILITY PLANT
AND PROPERTY AND INCREASES IN
ITS WATER RATES AND CHARGES FOR
UTILITY SERVICE.

DOCKET NO. W-02126A-11-0480

REBUTTAL TESTIMONY OF
THOMAS J. BOURASSA
ON BEHALF OF AVRA WATER CO-OP, INC.
(RATE BASE, INCOME STATEMENT, RATE DESIGN)

September 24, 2012

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1 **I. INTRODUCTION AND PURPOSE OF TESTIMONY.**

2 **Q1. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A1. My name is Thomas J. Bourassa. My business address is 139 W. Wood Drive,
4 Phoenix, Arizona 85029.

5 **Q2. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS CASE?**

6 A2. On behalf of the applicant, Avra Water Co-Op, Inc. (“Avra Water” or the
7 “Company”).

8 **Q3. HAVE YOU PREVIOUSLY SUBMITTED DIRECT TESTIMONY IN THE
9 INSTANT CASE?**

10 A3. Yes, my direct testimony was submitted in support of the initial application in this
11 docket.

12 **Q4. WHAT IS THE PURPOSE OF THIS REBUTTAL TESTIMONY?**

13 A4. I will provide rebuttal testimony in response to the direct filing by Staff. More
14 specifically, my rebuttal testimony relates to rate base, income statement, revenue
15 requirement and rate design for Avra Water.
16
17
18

19 **II. SUMMARY OF AVRA WATER’S REBUTTAL POSITION**

20 **Q6. WHAT IS THE REVENUE INCREASE THAT THE COMPANY IS
21 PROPOSING IN THIS REBUTTAL TESTIMONY?**

22 A6. The Company is proposing a total revenue requirement of \$1,799,891 which
23 constitutes an increase in revenues of \$187,331 or 11.62 percent increase over
24 adjusted test year revenues of \$1,612,561.
25
26

1 **Q7. HOW DOES THIS COMPARE WITH THE COMPANY'S DIRECT**
2 **FILING?**

3 A7. The Company's proposed rate base, revenue requirement and revenue increase are
4 the same as in its direct filing. The Company is not proposing any rebuttal
5 adjustments to rate base or to revenues and/or expenses.

6
7 **Q8. WHAT ARE THE PROPOSED REVENUE REQUIREMENTS AND RATE**
8 **INCREASES FOR THE COMPANY AND STAFF AT THIS STAGE OF**
9 **THE PROCEEDING?**

10 A8. The proposed revenue requirements and proposed rate increases are as follows:

	<u>Revenue Requirement</u>	<u>Revenue Incr.</u>	<u>% Increase</u>
11 Company-Direct	\$1,799,891	\$ 187,331	11.62%
12 Staff	\$1,797,913	\$ 151,368	9.19%
13 Company Rebuttal	\$1,799,891	\$ 187,331	11.62%

14
15
16 **Q9. THE PARTIES RESPECTIVE REVENUE REQUIREMENTS ARE OF**
17 **SIMILAR MAGNITUDE BUT THE REVENUE INCREASES ARE NOT.**
18 **PLEASE EXPLAIN.**

19 A9. Both the Company and Staff recommend similar operating margins. Staff
20 recommends a 17.02 percent operating margin¹ and the Company recommends a
21 17.00 percent operating margin.² However, much of the difference between the
22 parties in the proposed revenue increase stems from a disagreement in the revenue
23 annualization adjustment proposed by the Company. I will explain the Company's
24 revenue adjustment and why it should be adopted later in my testimony. For now,

25 ¹ See Direct Testimony of Gerald W. Becker ("Becker Dt.") at 4.

26 ² See Avra Water Rebuttal Schedule A-1.

1 Staff recommends disallowing the Company's revenue annualization which adjusts
 2 the Company's test year revenues downward by approximately \$34,000. In
 3 addition, there are two additional differences between the Company and Staff
 4 which largely offset each other in terms of their impact of the revenue requirement
 5 and revenue increase. First, Staff recommends a decrease in overall rate case
 6 expense from \$80,000 to \$40,000 and a decrease in the amortization period from 4
 7 years to 3 years. This results in a lower annual rate case expense than the
 8 Company of approximately \$6,700. Second, Staff recommends an adjusted
 9 property tax expense level that is higher than the Company by approximately
 10 \$5,500. These three differences between the Company and Staff at this stage of the
 11 proceeding comprise the difference in the parties recommended revenue increase.

12

13 **III. RATE BASE**

14

15 **Q10. WOULD YOU PLEASE IDENTIFY THE PARTIES' RESPECTIVE RATE**
 16 **BASE RECOMMENDATIONS?**

17 A10. Yes, the rate bases proposed by the parties at this stage of the proceeding are as
 18 follows:

	<u>OCRB</u>	<u>FVRB</u>
20 Company-Direct	\$ 6,560,563	\$ 6,560,563
21 Staff	\$ 6,560,563	\$ 6,560,563
22 Company Rebuttal	\$ 6,560,563	\$ 6,560,563

23

24 **Q11. WOULD YOU PLEASE DISCUSS THE COMPANY'S PROPOSED**
 25 **ORIGINAL COST RATE BASE, AND IDENTIFY ANY ADJUSTMENTS**

26

1 **YOU HAVE ACCEPTED FROM STAFF?**

2 A11. The Company is not proposing rebuttal adjustments to rate base. Rebuttal
3 Schedule B-2, page 1 and 2, summarize the rebuttal OCRB. The Company and
4 Staff are in agreement on the rate base.³

5
6 **IV. INCOME STATEMENT**

7 **Q12. WOULD YOU PLEASE DISCUSS THE COMPANY'S PROPOSED**
8 **REBUTTAL ADJUSTMENTS TO REVENUES AND EXPENSES AND**
9 **IDENTIFY ANY ADJUSTMENTS YOU HAVE ACCEPTED FROM**
10 **STAFF?**

11 A12. The Company is not proposing any rebuttal adjustment to revenue and/or expenses.
12 The rebuttal income statement is summarized on Rebuttal Schedule C-1, page 1-2.

13
14 **A. Revenue and Expense Issues Between the Parties**

15 **1. Revenue Annualization.**

16 **Q13. PLEASE DISCUSS THE DIFFERENCE BETWEEN THE PARTIES WITH**
17 **RESPECT TO THE COMPANY PROPOSED REVENUE**
18 **ANNUALIZATION.**

19 A13. In its direct filing, the Company proposed a downward revenue annualization
20 adjustment of \$33,984.⁴ The revenue annualization is based upon methods I
21 typically use in case I prepare to water and wastewater utilities. This methodology
22 has been employed and adopted in the Company's two prior rate cases.⁵ Staff is

23 ³ Becker Dt. at 4.

24 ⁴ See Direct Testimony of Thomas J. Bourassa (Bourassa Dt.) at 12 and Avra Water Direct
25 Schedule C-2, pages 5 and 6.

26 ⁵ See Docket W-02126A-06-0234 (Decision 69681, June 28, 2007) and Docket W-02126A-00-
 0269 (Decision 64008, September 4, 2001).

1 recommending that the Company's revenue annualization adjustment be
2 disallowed because Staff has asserted the annualization is unjustified because Staff
3 has concluded that the Company's customer base is largely seasonal in nature.⁶ I
4 should note that while Staff recommends disallowance of the Company proposed
5 revenue annualization adjustment, it has not similarly disallowed the downward
6 adjustment to purchased power from the Company's proposed purchased power
7 annualization. The purchased power annualization is directly related to the revenue
8 annualization adjustment. If the Commission disallows the Company's revenue
9 annualization adjustment it should similarly disallow the purchased power
10 adjustment.

11
12 **Q14. PUTTING ASIDE THE FACTS ASSOCIATED WITH THIS PARTICULAR**
13 **CASE, DOES A LARGELY SEASONAL CUSTOMER BASE RENDER THE**
14 **REVENUE ANNUALIZATION METHODOLOGY NECESSARILY**
15 **UNJUSTIFIED?**

16 A14. No. Before proceeding with an explanation of why this is so, I should state that the
17 Company's customer base is not largely a seasonal customer base. In fact, it has
18 very little, if any, seasonality. I will explain and providing supporting evidence to
19 this a bit later. The reason why a largely seasonal customer base does not render
20 the revenue annualization methodology flawed is because when significant
21 seasonality exists, additional considerations are made which eliminate the impact
22 of the seasonality on the revenue annualization. Specifically, miscellaneous
23 revenues are appropriately adjusted downward. This is because miscellaneous
24 revenues will contain revenues for monthly minimums for customers who leave the

25
26 ⁶ Becker Dt. at 5.

1 system during the “off-season” and subsequently return. These miscellaneous
2 revenues arise from the re-establishment fees charged to the seasonal customers.⁷
3 Accordingly, they are adjusted downward so that the seasonal fluctuations in
4 metered revenues captured by the revenue annualization are not double-counted.
5 An example of such consideration can be found in the Far West Water and Sewer
6 Company rate case (sewer division) from 2005 which I explain in more detail
7 below.⁸

8
9 **Q15. IF REVENUES ARE DOUBLE COUNTED IN MISCELLANEOUS**
10 **CHARGES AND A DOWNWARD ADJUSTMENT TO MISCELLANEOUS**
11 **REVENUES ARE NOT MADE, WOULDN'T THE REVENUE**
12 **ANNUALIZATION RESULT IN AN OVER-STATEMENT OF ADJUSTED**
13 **TEST YEAR REVENUES?**

14 A15. Yes. If a downward adjustment to miscellaneous revenues is not made, then
15 adjusted test year revenues will be over-stated. More importantly, the required
16 revenue increase will be under-stated. Under this circumstance, the utility will be
17 disadvantaged and experience a shortfall in its revenue requirement when new rates
18 are set.

19
20 **Q16. DID YOU PREPARE AND PARTICIPATE IN THE FAR WEST WATER**
21 **AND SEWER RATE CASE?**

22 A16. Yes. And, Staff accepted the Company's revenue annualization and corresponding
23 downward adjustment to miscellaneous revenues.

24 ⁷ See Arizona Administrative Code R-14-2-403 states that a customer who re-establishes his/her
25 account with-in 12 months is charged the monthly minimum times the number of months off the
system.

26 ⁸ See Docket WS-03478A-05-0801 (Decision 69335, February 20, 2007).

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Q17. WAS IT NECESSARY TO MAKE ADJUSTMENTS TO MISCELLAENOUS REVENUES TO ACCOMMODATE SEASONALITY OF THE CUSTOMER BASE IN THE INSTANT CASE?

A17. No. The Company's customer base is not a significantly seasonal customer base and does not require any downward adjustment to miscellaneous revenues.

Q18. DID STAFF FIND SEASONALITY IN THE CUSTOMER BASE IN THE COMPANY'S TWO PRIOR RATE CASES?

A18. No.⁹

Q19. PLEASE EXPLAIN WHAT SEASONALITY IS.

A19. Seasonality is defined by Investopedia.com as:

A characteristic of a time series in which the data experiences *regular* and *predictable* changes which recur *every* calendar year. Any predictable change or pattern in a time series that *recurs* or *repeats* over a one-year period can be said to be seasonal. (*emphasis added*)

As this definition relates to a utility's customer base, regular or predictable changes would mean regular or predictable changes in the level of the customer base (number of customers) during certain periods of the year that repeat year-after-year. For example, the customer base might be higher during the winter months

⁹ See Docket W-02126A-06-0234 (Decision 69681, June 28, 2007) and Docket W-02126A-00-0269 (Decision 64008, September 4, 2001).

1 and lower during the summer months. This pattern would repeats itself annually.

2

3 **Q20. PLEASE EXPLAIN WHAT CAUSES SEASONALITY IN THE CUSTOMER**
4 **BASE.**

5 A20. For those utilities in Arizona with highly seasonal customer bases, the underlying
6 cause is typically homeowners leaving the service territory during the hotter
7 months of the year and returning during the cooler months of the year. An example
8 of such a utility is West Water and Sewer Company (“FWWS”) located in Yuma,
9 Arizona. FWWS’s customer base is characterized by a significant number of
10 customers who own two homes; one in Arizona and one in the Northwest,
11 Northeast, Canada and other locales where there is a significant difference in
12 seasonal weather. During the periods of the hot summer months in Arizona these
13 customers move back to cooler climates up north or elsewhere. To avoid the cold
14 winters up north or elsewhere, these customers move back to the relatively mild
15 and cooler climates associated with the Arizona winters; particularly in central and
16 southern Arizona.

17 During my work related to the aforementioned FWWS rate case as well as
18 other consulting work for FWWS, the ebb and flow of customers to and from
19 FWWS’s service territory during the cooler months and the hotter months was an
20 obvious annual event. Businesses closed down or reduced their hours of operation
21 during the summer months; typically starting in April or May. Businesses did not
22 resume normal hours until the October or November timeframe. There was a
23 noticeable reduction in traffic and congestion as well as in the number of
24 community events. It was quite obvious to the FWWS’s management and the
25 significant seasonality of the customer base was made known to me by FWWS’s
26

1 management before even asking about it.

2 I was also informed (and witnessed to some extent) the many customers
3 who came to the business office and had their services turned off as the summer
4 months approached and subsequently returned some months later to have their
5 services turned back on when the winter months approached. The billing system
6 had to accommodate two billing addresses so that bills mailed to customers after
7 system turn-off or turn-on could be delivered to the address where the homeowner
8 would actually be. This was a crucial feature of the billing system as it cut down
9 the number of late payments. There were even instances of customers writing
10 checks on Canadian banks to pay their bill and FWWS had to make efforts to
11 ensure that these customers paid in U.S. dollars.

12 Not surprisingly, when examining the records and operational results of
13 FWWS I could easily see the seasonality in the customer base. Total water usage
14 and revenues noticeably declined during the summer months which is opposite of
15 what typically occurs. The monthly customer bill counts reflected the flow of
16 customers to and from the system during the year. In fact, in the last FWWS rate
17 case, the customer base varied by as much as 50 percent (1,800 customers) from
18 the peak summer to the peak winter months. The FWWS rate case is a good
19 example of a utility having a significant level of seasonality in its customer base.

20

21 **Q21. HAS AVRA WATER SEEN SIMILAR SIGNS OF SEASONALITY WITH**
22 **RESPECT TO ITS CUSTOMER BASE?**

23 A21. No. Mr. Chris Ward, the operations manager for Avra Water discusses the
24 customer base seasonality issue from his perspective in his rebuttal testimony.
25 Additionally, I have not found evidence of significant seasonality in the records

26

1 and operating results of Avra Water. Both summer water usage and revenues are
2 higher than the winter months even though the customer levels are similar during
3 these periods. Further, I performed analyses of the customer levels for the past 3
4 years and do not find much, if any, seasonality.

5
6 **Q22. PLEASE EXPLAIN WHAT ANALYSES YOU PERFORMED TO**
7 **IDENTIFY WEATHER PATTERNS OF SEASONALITY EXIST IN AVRA**
8 **WATER'S CUSTOMER BASE?**

9 A22. In order to identify whether any patterns of seasonality exist, I applied some
10 common techniques for detecting seasonality. Among these techniques was to
11 prepare sequence plots of monthly and average seasonal (winter/summer) customer
12 count data. I also prepared subseries sequence plots using monthly, and seasonal
13 (winter/summer) customer count data groupings. Subseries sequence plots can
14 show patterns of seasonality more clearly than sequence plots. Finally, I
15 determined the variances in the data in order to help me quantify the extent to
16 which seasonality exists, if it does at all.

17
18 **Q23. WHAT CUSTOMER COUNT DATA DID YOU USE?**

19 A23. I used Company prepared reports generated from its system. These reports show
20 the customer counts by month by class of customer (meter size). Similar data was
21 provided to Staff for the period September 2008 to August 2011 (a three year
22 period). I chose to plot the data from January 2009 through December 2011 rather
23 than plot the data from September 2008 through August 2011 as a calendar year
24 appeared to me to be a better basis for comparative purposes. To be consistent I
25 used only the Company generated reports and did not compile actual billings to
26

1 produce a bill count like the test year for all of the months. This avoided any
2 anomalies like the June 2011 billing cycle change (a one-time occurrence) which
3 caused a bill count spike during the test year. This bill count spike is the major
4 reason for the downward revenue annualization adjustment proposed by the
5 Company.

6
7 **Q24. PLEASE EXPLAIN THE JUNE 2011 BILL COUNT SPIKE IN MORE**
8 **DETAIL.**

9 A24. To illustrate the spike and to help me explain more clearly I have prepared a
10 monthly summary of the bill counts and have included this summary in Rebuttal
11 Exhibit TJB-RB-1 at page 1. As you will find, in the month of June, the number of
12 billings was 3,163; 631 bills greater than May with 2,532 bills and 637 bills greater
13 than July with 2,526 bills. Revenues also spiked in June. At page 2 of Rebuttal
14 Exhibit TJB-RB-1 is a monthly summary of the bill count revenues for the test
15 year. As you will find, in the month of June, the revenues were \$195,526; \$60,026
16 greater than May revenues of \$135,500 and \$49,561 greater than July revenues of
17 \$145,966. The June spike in the bill counts and in the bill count revenues was the
18 result of the Company consolidating its billing cycles, not a major influx of
19 additional customers in one month and subsequent exodus of customers one month
20 later. The billing cycle change was a one-time non-occurring event. It also is a
21 major factor impacting the Company's revenue annualization. Unless the
22 Company proposed revenue annualization is adopted, the Company will fall short
23 of its revenue requirement when new rates are set in the instant case.

24
25 **Q25. THE COMPANY'S PROPOSED REVENUE ANNUALIZATION IS A**
26

1 **DOWNWARD ADJUSTMENT OF APPROXIMATELY \$34,000 BUT THE**
2 **DIFFERENCES BETWEEN THE MAY REVENUES AND THE JULY**
3 **REVENUES COMPARED TO THE JUNE REVENUES IS**
4 **APPROXIMATELY \$60,000 AND \$50,000. WHY IS THE REVENUE**
5 **ANNUALIZATION LOWER THAN THESE DIFFERENCES?**

6 A25. The revenue annualization does not account just for the billing spike caused by the
7 billing cycle change, but also takes into consideration underlying growth on the
8 system. There is some net growth on the system. That is, the number of
9 customers at year-end is greater than the beginning of the year number of
10 customers. This can be seen on page 1 of Rebuttal Exhibit TJB-RB-1. Absent the
11 billing spike there would have been a positive revenue annualization.

12
13 **Q26. WHAT IS A SEQUENCE PLOT?**

14 A26. A sequence plot is simply a graph that displays data in a time sequence. For
15 example, one could simply plot the monthly customer counts from January 2009 to
16 December 2011 in chronological order. Annual patterns can be seen in these plots,
17 if they exist.

18
19 **Q27. WHAT IS A SUBSERIES SEQUENCE PLOT?**

20 A27. A subseries sequence plot allows one to examine between group and within group
21 patterns. It requires that the period of seasonality be known or defined. For
22 example, the group may be defined as a month of the year or a season of the year
23 (several months). To prepare this type of plot the data is first time ordered by
24 group. With monthly data, for example, all the January values are plotted (in
25 chronological order), then all the February values, and so on. Next, a line is drawn
26

1 through the data points for each group representing the average of the values in the
2 group. The lines are then examined to illuminate the existence, or non-existence,
3 of whether seasonal patterns exist.
4

5 **Q28. PLEASE DISCUSS THE PLOTS OF THE COMPANY'S CUSTOMER**
6 **DATA THAT YOU PREPARED AND WHETHER OR NOT YOU FIND**
7 **ANY PATTERNS OF SEASONALITY.**

8 A28. Attached as Rebuttal Exhibit TJB-RB-2 are four plots I prepared. The first two
9 plots included in Exhibit TJB-RB-1 are sequence plots of monthly customer counts
10 for all customers and 5/8x3/4 inch metered customers from January 2009 through
11 December 2011. See Plot 1 and Plot 2. Upon a review of these two plots I find it
12 difficult to see any seasonal patterns (patterns which occur annually). And, upon
13 inspection of the data contained at the bottom of each plot one can see that no real
14 seasonal pattern exists, or if one does exist, it is minimal.

15 Let me explain. Included at the bottom of these plots are the maximum
16 month and minimum month data for each year. As you will find there is not much
17 of a difference between the high and low customer counts levels for each year. As
18 shown on Plot 1, the difference between the maximum and minimum monthly
19 customer counts for the 2009, 2010, and 2011 are 25, 33, and 24. Considering that
20 in 2009, 2010, and 2011 the average annual customer counts for all customers was
21 2,558, 2,546, and 2,538, respectively, the indicated annual variances are just 0.98
22 percent, 1.3 percent, and 0.95 percent. Similarly, as shown on Plot 2 for the
23 5/8x3/4 inch metered customers the difference between the maximum and
24 minimum monthly customer counts for the 2009, 2010, and 2011 was 23, 53, and
25 25. The average annual monthly 5/8x3/4 metered customer counts for 2009, 2010,
26

1 and 2011 was 2,412, 2388, and 2,365, respectively, indicating an annual variance
2 of just 0.95 percent, 2.2 percent, and 1.1 percent, respectively.

3 Plots 1 and 2 along with the corresponding variances suggest there is very
4 little variation in the level of customers during the course of the year. They also
5 suggest, even before making any conclusions about seasonality, that seasonality, if
6 it exists, is very minimal. Consider, for example, the variance for the year in the
7 FWWS rate case mentioned earlier was nearly 42 percent (the difference between
8 the maximum and minimum customer counts was 1,831 customers and the average
9 annual customer count was 4,369).

10 The next two plots you will find in Exhibit TJB-RB-2 are subseries
11 sequence plots grouped by month and season (winter/summer) for all customers
12 and for the 5/8x3/4 inch metered customers. See Plots 3 and 4. As with Plots 1
13 and 2, it is difficult to see any patterns in these plots. For example, shown on Plot
14 3 for all customers are the average monthly lines (solid black lines between data
15 points for each monthly grouping). These lines reveal no real patterns of
16 seasonality. If one does exist, it is very minimal. Again, let me explain. Upon
17 inspection of the data contained at the bottom of the page on Plot 3 one can see that
18 the difference in the maximum and minimum 3 year month average is just 13
19 customers; a variance to the 3 year annual average of just 0.51 percent. Also
20 shown Plot 3 for all customers are the average seasonal (winter/summer)¹⁰ lines
21 (dashed black line between data points for the winter months grouping and
22 alternating size dashed black line between data points for the summer months
23 grouping). The seasonal (winter/summer) lines also reveal there is no real pattern
24 of seasonality. Again, if one does exist, it is very minimal. Upon inspection of the
25 data contained at the bottom of the page one can see that the difference in the 3

26 ¹⁰ Summer months are May through October; winter months are November through April.

1 year average winter and summer months is just 1 customer; a variance to the 3 year
2 annual average of just 0.04 percent.

3 Similarly, shown on Plot 4 for 5/8x3/4 inch metered customers are the
4 average monthly lines (solid black lines between data points for each monthly
5 grouping). Again, these lines reveal there is no real pattern of seasonality. If one
6 does exist, it is very minimal. Upon inspection of the data contained at the
7 bottom of the page on Plot 4 one can see that the difference in the maximum and
8 minimum 3 year month average is just 20 customers; a variance to the 3 year
9 annual average of just 0.82 percent. Finally, as shown on Plot 4 for 5/8x3/4 inch
10 metered customers are the average seasonal (winter/summer)¹¹ lines (dashed black
11 line between data points for the winter months grouping and alternating size dashed
12 black line between data points for the summer months grouping). These also
13 reveal no real pattern of seasonality. If one does exist, it is very minimal. Upon
14 inspection of the data contained at the bottom of the page one can see that the
15 difference in the 3 year average winter and summer months is just 1 customer; a
16 variance to the 3 year annual average of just 0.05 percent.

17
18 **Q29. HAVING FOUND NO REAL OR SIGNIFICANT PATTERNS OF**
19 **SEASONALITY DO YOU BELIEVE IT IS NECESSARY TO MAKE**
20 **FURTHER CONSIDERATIONS IN THE COMPANY PROPOSED**
21 **REVENUE ANNUALIZATION?**

22 A29. No.

23
24 **Q30. DID STAFF CONDUCT A SIMILAR ANALYSIS OF AVRA WATER'S**

25
26 ¹¹ Summer months are May through October; winter months are November through April.

1 **CUSTOMER BASE?**

2 A30. It does not appear Staff conducted a similar analysis. The Company did request
3 that Staff produce its analysis. *See* Staff Response to Company data request 1.2 and
4 1.3 attached hereto as Rebuttal Exhibit TJB-RB-3. As you will find, Staff’s so-
5 called analysis simply consists of a schedule of the monthly customer counts from
6 September 2008 through August 2010 and the monthly customer bill counts from
7 September 2010 to August 2011 that were provide by the Company. There are no
8 plots of any kind, no computations of statistics like the annual maximums and
9 minimums and variances, and/or no identification and/or explanation of the
10 seasonality Staff claims to have found. Staff’s assertion that Avra Water’s
11 customer base is largely seasonal in nature is unfounded and unsupported by the
12 evidence. Accordingly, its recommendation to disallow the revenue annualization
13 should be rejected.

14
15 **2. Rate Case Expense.**

16 **Q31. PLEASE DISCUSS THE DIFFERENCE BETWEEN THE PARTIES WITH**
17 **RESPECT TO RATE CASE EXPENSE.**

18 A31. Staff recommends rate case expense of \$40,000 normalized over 3 years or
19 \$13,333 annually.¹² The Company continues to recommend rate case expense of
20 \$80,000 amortized over 4 years or \$20,000 annually.

21
22 **Q32. WHY DOES THE COMPANY CONTINUE TO RECOMMEND \$80,000 OF**
23 **RATE CASE EXPENSE?**

24 A32. Because it is far too early in this proceeding to reduce rate case expense to some

25
26

¹² Becker Dt. at 6.

1 unsupported level when there are still two more rounds of testimony, a hearing,
2 post hearing briefs, and an Open Meeting. At this stage, the Company anticipates
3 that its initial estimate of \$80,000 is the best estimate of the total costs it will incur
4 in this case. However, the Company is willing to re-evaluate its estimate as the
5 case progresses and anticipates that it will have a better estimate by hearing. Until
6 that time, the Company is reluctant to revise its estimate.

7
8
9 **3. Property Tax Expense.**

10 **Q33. PLEASE EXPLAIN THE DIFFERENCES WITH STAFF REGARDING**
11 **PROPERTY TAX EXPENSE.**

12 A33. Both the Company and Staff use the same modified Arizona Department of
13 Revenue (“ADOR”) method for computing property tax.¹³ The difference between
14 the parties in the property tax computations is that the Company also does not have
15 an amount for construction work-in-progress (“CWIP”) whereas Staff does. Staff
16 included an amount for CWIP of \$105,463 in its computation, but a review of the
17 Company’s E-1 Schedule shows no CWIP balance. As a result of the inclusion of
18 a CWIP amount in Staff computation, Staff’s property tax expense is over-stated
19 about \$5,500.

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26 ¹³ See Avra Water Schedule C-2, page 3 and Staff Schedule GWB-14.

1 **V. RATE DESIGN**

2 **Q34. WHAT ARE THE COMPANY'S REBUTTAL PROPOSED RATES?**

3 A34. The proposed rates for customers with a meter size of:

4	<u>Meter</u>	<u>Monthly</u>	<u>Gallons included</u>
5	<u>Size (Inch)</u>	<u>Minimum</u>	<u>in Monthly Minimum</u>
6	5/8	\$ 28.29	0
7	3/4	\$ 42.44	0
8	1	\$ 70.73	0
9	1 1/2	\$ 141.46	0
10	2	\$ 226.34	0
11	3	\$ 452.69	0
12	4	\$ 707.32	0
13	6	\$ 1,414.65	0
14	Standpipe/Bulk	\$ 0.00	0

16
 17 NOTE: Master Metering/Multiple Dwellings on one meter: All dwellings,
 18 beyond direct connection which cross property lines, will be charged 100
 19 percent of monthly minimum, and/or are required to have their own meter.
 20 If the meter serves more than one dwelling on the same property, the second
 21 and each additional connection shall each pay 50% of monthly minimum for
 22 the size meter. Responsibility for payment remains with master meter
 23 customer.

24 The commodity charges and tiers by meter size are:

25	<u>Meter</u>		<u>Charge</u>
26	<u>Size (Inch)</u>	<u>Tier (gallons)</u>	<u>per 1,000 gallons</u>

1	5/8 and 3/4 Inch	1 to 7,500	\$ 2.50
2		7,501 to 15,000	\$ 3.12
3		Over 15,000	\$ 3.74
4	1	0 to 18,750 gals	\$ 3.12
5		Over 18,750 gals	\$ 3.74
6	1-1/2	0 to 37,500 gals	\$ 3.12
7		Over 37,500 gals	\$ 3.74
8	2	0 to 60,000 gals	\$ 3.12
9		Over 60,000 gals	\$ 3.74
10	3	0 to 120,000 gals	\$ 3.12
11		Over 120,000 gals	\$ 3.74
12	4	0 to 187,500 gals	\$ 3.12
13		Over 187,500 gals	\$ 3.74
14	6	0 to 375,000 gals	\$ 3.12
15		Over 375,000 gals	\$ 3.74

16 The proposed standpipe rate and bulk water rate is \$4.00 per 1,000 gallons
 17 with no minimum monthly charge.

18
 19 **Q35. WHAT IS THE IMPACT OF THE COMPANY'S REBUTTAL PROPOSED**
 20 **RATES ON AN AVERAGE 5/8x3/4 INCH METERED RESIDENTIAL**
 21 **CUSTOMER?**

22 A35. The present monthly bill for a 5/8x3/4 inch metered customer using an average of
 23 9,221 gallons is \$48.68. The proposed monthly bill for a 5/8x3/4 inch metered
 24 residential customer using an average of 9,221 gallons would be \$52.41, an
 25 increase of \$3.73 or 7.65 percent compared to the present rates.

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Q36. PLEASE COMMENT ON THE STAFF PROPOSED RATE DESIGN.

A36. Before I begin I would note that the Staff rate design schedule does not properly reflect the Company proposed rates. See Staff Schedule GWB-15, page 1 of 2. Specifically, the Staff schedule does not show the Company proposed break-over points and commodity charges for the 1 inch and larger meters. That said, like the Company, Staff is proposing an inverted three tier design for the smaller metered customers (5/8 inch and 3/4 inch all classes) and an inverted two tier design for the 1 inch and larger metered customers (all classes). The main difference between the designs is that Staff has lowered the monthly minimums for the 5/8x3/4 inch metered customers from the present monthly minimum of 28.29 to \$27.10. This will result in lower monthly minimums for the 2 and 3 unit family 5/8x3/4 inch metered customers and for the 7 unit 3/4 inch metered customers as well. All other monthly minimums proposed by Staff are the same as the present rates and the same as proposed by the Company.

Staff break-over points are also different. Staff recommends lowering the smaller metered customer first-tier break-over points from 8,500 gallons to 5,000 gallons and lowering the second-tier break-over point from 16,000 gallons to 12,000 gallons. By comparison, the Company the recommends lowering smaller metered customer first-tier break-over points from 8,500 gallons to 7,500 gallons and lowering the second-tier break-over point from 16,000 gallons to 15,000 gallons. See Rebuttal Schedule H-3, page 1.

1 **Q37. HAS STAFF EXPLAINED WHY IT LOWERS THE SMALLER METERED**
2 **CUSTOMER BREAK-OVER POINTS TO 5,000 GALLONS AND 12,000**
3 **GALLONS?**

4 A37. Not really. Staff has stated that efficiency in water use is encouraged by producing
5 a higher customer bill with increased consumption.¹⁴ But this is hardly a
6 justification for reducing the break-over points so significantly.

7
8 **Q38. DOESN'T THE COMPANY'S RATE DESIGN RESULT IN A HIGHER**
9 **CUSTOMER BILL WITH INCREASED CONSUMPTION?**

10 A38. Yes. So, the Staff statement hardly explains why Staff specifically proposed to
11 lower the break-over points for the smaller metered customers as much as it did.
12 Further, it has not explained why the Company's rate design is less effective in
13 encouraging water conservation. And, just as important, Staff does not explain
14 why its design balances the goal of conservation with revenue stability.

15
16 **Q39. WHY DID THE COMPANY CHOOSE THE BREAK-OVER POINTS IT**
17 **PROPOSES SMALLER METERED CUSTOMERS?**

18 A39. As explained in my direct testimony, the Company's objective was to lower the
19 break-over points to encourage further conservation while taking into consideration
20 the characteristics of the community and customer base it serves as well as to
21 maintain revenue stability.¹⁵ Avra Water does not believe that a very low first-tier
22 break over point is appropriate for Avra Water's rural service territory with
23 customers who have larger properties with livestock and/or who use evaporative
24

25 ¹⁴ Becker DT. at 10.

26 ¹⁵ Bourassa Dt. at 20.

1 cooling during the hotter months of the year.¹⁶ I would also add that the
2 Company's proposed rate design more closely follows the principle of gradualism.
3 That is, achieving a goal by gradual steps rather than by drastic change.

4 Gradualism is important in the instant case because we do not know exactly
5 where the optimum break-over points are. Drastically reducing (or increasing) the
6 break-over points can result in negative unintended consequences. For example, a
7 high degree of revenue instability and/or an impact to customers that is a highly
8 negative and in such a way that customers have little or no control over minimizing
9 the impact; particularly through reduced water usage.

10
11 **Q40. DID THE RATE DESIGN ADOPTED IN THE PRIOR RATE CASE**
12 **WHERE THE FIRST-TIER BREAK-OVER POINT WAS SET AT 8,500**
13 **GALLONS RESULT IN WATER CONSERVATION?**

14 A40. In my opinion it did. The average monthly usage for a 5/8x3/4 inch metered
15 customer in the last rate case was 9,825 gallons. The current test year average
16 monthly usage for these customers was 9,221 gallons; a reduction of over 600
17 gallons or over 6 percent over the 2004 usage. The water reduction is not
18 explained by differences in weather from the last test year (12 months ended
19 8/31/2004) to the current test year (12 months ended 08/31/2011). The 2011
20 annual precipitation in the area was 7.85 inches whereas the 2004 annual
21 precipitation was 10.45 inches. Less rainfall in 2011 would suggest greater water
22 usage in 2011 compared to 2004. Further, the mean temperature was greater in
23 2011 at 73.1 degrees compared to 2004 with a mean temperature of 69.9 degrees.
24 A higher mean temperature in 2011 would suggest greater water usage compared

25
26

¹⁶ *Id.*

1 to 2004; particularly in areas with significant use of evaporative coolers and
2 livestock ownership.

3
4 **Q41. DOESN'T THE COMPANY'S RATE DESIGN RESULT IN A HIGHER**
5 **CUSTOMER BILL WITH INCREASED CONSUMPTION?**

6 A41. Yes. The Staff stated goal is achieved under the Company's proposed rate design.
7 The distinction is that Staff's has not explained specifically why it chose to lower
8 the break-over points for the smaller metered customers as much as it did. In the
9 last rate case, Staff proposed to lower the first tier break-over point from 10,000
10 gallons to 4,000 gallons while the Company proposed to lower the first-tier break-
11 over point to 8,500 gallons. The Company argued in the last rate case, as it does
12 now, that additional water conservation could be achieved while maintaining
13 revenue stability by lowering the first tier to 8,500 gallons rather than 4,000
14 gallons. The Company also argued, as it does now, that the characteristics of the
15 community and the customers did not warrant a relatively low first-tier level
16 typically adopted for more urban or more densely populated water systems. Those
17 same arguments hold true today.

18
19 **Q42. BUT THE COMPANY IS PROPOSING TO LOWER THE FIRST-TIER**
20 **COMMODITY RATE TO 7,500 GALLONS FROM 8,500 GALLONS IN**
21 **THE INSTANT CASE. CORRECT?**

22 A42. Yes. As I stated in my direct testimony, the Company chose its rate design to
23 further encourage water conservation by lowering the break-over points.¹⁷ I also
24 stated that the Company chose its rate design to help maintain revenue stability as

25
26 ¹⁷ *Id.*

1 well as to distribute the rate increase to all meter sizes as equitably as possible.¹⁸
2 Further, I stated that the rate design should consider the community and customer
3 characteristics. The Company believes these goals can be better achieved through
4 the Company's rate design rather than through the Staff rate design.
5

6 **Q43. LET'S MOVE ON. PLEASE COMMENT ON THE STAFF PROPOSED**
7 **BREAK-OVER POINTS FOR THE LARGER METERED CUSTOMERS.**

8 A43. For the larger meters, Staff recommends break-over points which are significantly
9 greater than the break-over points proposed by the Company. For example, the
10 Staff recommended first-tier break-over points for the 1 inch, 1 ½ inch, 2 inch, 3
11 inch, and 4 inch metered customers are 22,500 gallons, 45,000 gallons, 72,000
12 gallons, 144,000 gallons, and 450,000 gallons, respectively. See Staff Schedule
13 GWB-15 page 1 of 2. The Company proposes first-tier break-over points for the 1
14 inch, 1 ½ inch, 2 inch, 3 inch and 4 inch metered customers of 18,750 gallons,
15 37,500 gallons, 60,000 gallons, 120,000 gallons, and 187,450 gallons, respectively.
16 The Company's recommended break-over points for the large meters are scaled on
17 the meter flows relative to the 5/8x3/4 inch meter first tier gallons. Scaling on the
18 first or second tier gallons of the smaller metered customers is a customary practice
19 based in the fact that the larger meters pay higher monthly minimums and their
20 commodity rates start at the higher cost second and third tiers of the smaller
21 metered customers. Absent some compelling reason not to scale the break-over
22 points, such as cost of service considerations, then one should scale. It is unclear
23 how Staff determined the break-over points for the larger meters as Staff has not
24 explained its reasoning for setting the break-over points where it did. Absent some
25

26 ¹⁸ *Id.*

1 compelling reason not to scale the break-over points, the Company's rate design
2 break-over points for the larger meters should be adopted.
3

4 **Q44. PLEASE COMMENT ON THE REVENUE STABILITY PROVIDED BY**
5 **THE PARTIES RATE DESIGNS.**

6 A44. Because the 5/8x3/4 inch metered customer class is the largest customer class, the
7 lower monthly minimums and break-over points recommended by Staff result in a
8 greater shift in revenue recovery from the monthly minimums to the commodity
9 rates and a greater shift in revenue recovery from the first tier commodity rates to
10 the higher tier commodity rates than under the Company's rate design. This will
11 result in greater revenue instability.

12 Let me explain. I have prepared two schedules showing the revenue
13 recovery under present rates, Company proposed rates, and Staff proposed rates.
14 These are included in Rebuttal Exhibit TJB-RB-4. As you will find on page 2,
15 under the Company proposed rates, the revenue recover from the monthly
16 minimums is about 52 percent. Under the Staff proposed rates (see page 3) it is
17 about 50 percent. Further, under the Company proposed rates revenue recovery
18 from the monthly minimums and from the first-tier commodity rates is nearly 75
19 percent (see page 2) while less than 68 percent under the Staff rates (see page 3).
20 Finally, under the Company proposed rates, revenue recovery from the higher cost
21 second and third tier commodity rates is 10.48 percent and 14.77 percent,
22 respectively (see page 2), whereas under the Staff proposed rates, revenue
23 recovery from the higher cost second and third tier commodity rates is 13.73
24 percent and 18.60 percent, respectively (see page 3).
25
26

1 These metrics confirm that revenue instability is greater under the Staff
2 proposed design. Revenue is shifted away from the month minimums and to the
3 commodity rates in a significantly greater way under the Staff proposed rate
4 design. In addition, revenue recovery is shifted from the lower cost commodity
5 rates to the higher cost commodity rates in a greater way under the Staff's
6 proposed design. When conservation occurs, there is a greater likelihood Avra
7 Water will not realize the authorized revenue requirement. The Company believes
8 its design balances the goal of encouraging water conservation with revenue
9 stability.

10
11 **A. Miscellaneous Charges.**

12 **Q45. PLEASE DISCUSS THE CHANGES TO THE MISCELLANEOUS**
13 **CHARGES STAFF PROPOSED THAT THE COMPANY HAS ADOPTED.**

14 A45. The Company agrees with Staff's proposal to eliminate the after-hours service
15 charges for establishment and reconnection and include the after-hours charge for
16 all services to \$50. The \$50 would apply to both the establishment fee and the
17 reconnection fee if after hours.¹⁹

18
19 **Q46. PLEASE DISCUSS THE CHANGES TO THE MISCELLANEOUS**
20 **CHARGES STAFF PROPOSED THAT THE COMPANY HAS NOT**
21 **ADOPTED.**

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23
24
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¹⁹ McMurry Dt. at 26-27.

1 A46. The Company disagrees with Staff's proposal to reduce the reconnection
2 (delinquent) charge from \$50 to \$25. In my experience the reconnection charge
3 for delinquent accounts is typically 2 times the establishment fee. The higher
4 charge helps to discourage customer delinquencies.

5 The Company also disagrees with the Staff proposal to have two after-hours
6 service charges. As you will find on Staff Schedule GWB-15, page 2 of 2, in
7 addition to proposing an after-hours service charge of \$50, Staff also proposes an
8 after-hours hourly service charge at cost. This may be an over-sight. That said,
9 there should be only one after-hours service charge; either \$50 or hourly at cost.
10 The Company recommends removing the after-hours hourly service charge at cost
11 and adopting the \$50 after-hours service charge. A single fixed charge is simpler
12 and less costly to administer and for customers to understand than an hourly charge
13 which will vary based upon the actual number of over-time hours incurred for each
14 instance.

15 The Company also proposes eliminating the two meter test charges currently
16 contained in the Company's tariff and consolidating them to one meter test charge
17 (if correct) of \$40.00. Staff proposes to eliminate the meter test for calibration and
18 leak detection and proposes a \$40 charge for the meter test for removal and testing
19 of meter.

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**Q47. ARE THERE ANY OTHER DISAGREEMENT BETWEEN THE STAFF
AND THE COMPANY REGARDING MISCELLANEOUS CHARGES?**

A47. No.

1 **Q48. IS THERE ANY DISAGREEMENT BETWEEN THE STAFF AND THE**
2 **COMPANY REGARDING SERVICE AND METER LINE CHARGES?**

3 A48. Just one. It appears to be more of an inconsistency than a disagreement. Staff is
4 recommending a meter and service line charge for the 1 inch meters totaling \$410
5 (\$205 for the service line and \$205 for the meter). *See* Staff Schedule GWB-15,
6 page 2 of 2. However, the Staff Engineering recommendation contained in Table
7 I-1 on page 14 of Mr. Scott's testimony shows a total charge of \$520 (\$315 for the
8 service line and \$205 for the meter). The Company agrees with Mr. Scott's
9 recommendation of \$520.

10

11 **Q49. IS THERE ANY DISAGREEMENT BETWEEN THE STAFF AND THE**
12 **COMPANY REGARDING THE OFF-SITE HOOK-UP FEES?**

13 A49. No.

14

15 **Q50. DOES THAT CONCLUDE YOUR REBUTTAL TESTIMONY?**

16 A50. Yes. Although my silence on any issue not discussed herein does not necessarily
17 constitute agreement with Staff as to matters or arguments I have not addressed.

18

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**Avra Water Co-Op, Inc.
Docket No. W-02126A-11-0480**

**THOMAS J. BOURASSA
REBUTTAL TESTIMONY
(RATE BASE, INCOME STATEMENT, RATE DESIGN)**

September 24, 2012

SCHEDULES

Avra Water Co-Op, Inc.
 Test Year Ended August 31, 2011
 Computation of Increase in Gross Revenue
 Requirements As Adjusted

Exhibit
 Rebuttal Schedule A-1
 Page 1
 Witness: Bourassa

Line <u>No.</u>			
1	Fair Value Rate Base	\$	6,560,563
2			
3	Adjusted Operating Income		122,568
4			
5	Current Operating Margin		7.60%
6			
7	Required Operating Income	\$	305,982
8			
9	Required Operating Margin		17.00%
10			
11	Operating Income Deficiency	\$	183,413
12			
13	Gross Revenue Conversion Factor		1.0214
14			
15	Increase in Gross Revenue		
16	Requirement	\$	187,331
17			
18	Adjusted Test Year Revenues	\$	1,612,561
19	Increase in Gross Revenue Revenue Requirement	\$	187,331
20	Proposed Revenue Requirement	\$	1,799,891
21	% Increase		11.62%
22			
23	Current Return on Fair Value Rate Base		1.87%
24	Proposed Return on Fair Value Rate Base		4.66%
25			
26			

Customer	Present	Proposed	Dollar	Percent
Classification	Rates	Rates	Increase	Increase
(Residential Commercial, Irrigation)				
30 5/8x3/4 Inch	\$ 1,423,672	\$ 1,589,109	\$ 165,437	11.62%
31 5/8x3/4 Inch Multi-dwelling 2 units	110,405	126,650	16,245	14.71%
32 5/8x3/4 Inch Multi-dwelling 3 units	5,953	6,679	726	12.19%
33 3/4 Inch	18,913	20,293	1,380	7.30%
34 3/4 Inch Multi-dwelling 7 units	4,624	5,715	1,091	23.59%
35 1 Inch	23,548	26,776	3,228	13.71%
36 1 1/2 Inch	4,070	4,245	174	4.28%
37 2 Inch Meter	9,396	9,895	499	5.31%
38 4 Inch	10,140	10,488	349	3.44%
39 6 Inch	-	-	-	0.00%
40 Construction/Standpipe	436	436	-	0.00%
41				
42 Revenue Annualization	\$ (34,239)	\$ (38,535)	(4,296)	12.55%
43				
44 Subtotal	\$ 1,576,921	\$ 1,761,753	\$ 184,832	11.72%
45				
46 Other Water Revenues	\$ 40,778	\$ 40,778	-	0.00%
47 Reconciling Amount	(5,138)	(2,639)	2,499	-48.64%
48 Rounding	-	-	-	0.00%
49 Total of Water Revenues	\$ 1,612,560	\$ 1,799,891	\$ 187,331	11.62%
50				

51
 52 SUPPORTING SCHEDULES:
 53 B-1
 54 C-1
 55 C-3
 56 H-1

Avra Water Co-Op, Inc.
Test Year Ended August 31, 2011
Summary of Rate Base

Exhibit
Rebuttal Schedule B-1
Page 1
Witness: Bourassa

<u>Line No.</u>		<u>Original Cost Rate base</u>	<u>Fair Value Rate Base</u>
1			
2	Gross Utility Plant in Service	\$ 15,919,009	\$ 15,919,009
3	Less: Accumulated Depreciation	<u>5,134,380</u>	<u>5,134,380</u>
4			
5	Net Utility Plant in Service	\$ 10,784,629	\$ 10,784,629
6			
7	<u>Less:</u>		
8	Advances in Aid of		
9	Construction	301,520	301,520
10	Contributions in Aid of		
11	Construction - Net of amortization	3,816,759	3,816,759
12	Service Line and Meter Charges	55,702	55,702
13	Customer Security Deposits	50,084	50,084
14			
15			
16			
17	<u>Plus:</u>		
18	Working capital	-	-
19			
20	Total Rate Base	<u>\$ 6,560,563</u>	<u>\$ 6,560,563</u>
21			
22			
23			
24	<u>SUPPORTING SCHEDULES:</u>		
25	B-2		
26	B-3		
27	B-5		
28			
29			

Avra Water Co-Op, Inc.
 Test Year Ended August 31, 2011
 Original Cost Rate Base Proforma Adjustments

Exhibit
 Rebuttal Schedule B-2
 Page 1
 Witness: Bourassa

Line No.		Adjusted at end of <u>Test Year</u>	Proforma Adjustments <u>Amount</u>	Rebuttal Adjusted at end of <u>Test Year</u>
1	Gross Utility			
2	Plant in Service	\$ 15,919,009	-	\$ 15,919,009
3				
4	Less:			
5	Accumulated			
6	Depreciation	5,134,380	-	5,134,380
7				
8				
9	Net Utility Plant			
10	in Service	\$ 10,784,629		\$ 10,784,629
11				
12	Less:			
13	Advances in Aid of			
14	Construction	301,520	-	301,520
15				
16	Contributions in Aid of			
17	Construction - Net	3,816,759	-	3,816,759
18				
19	Service Line and Meter Installation Chgs	55,702		55,702
20	Customer Security Deposits	50,084	-	50,084
21				-
22				-
23				
24	Plus:			
25	Working capital	-	-	-
26				-
27				
28	Total	<u>\$ 6,560,563</u>		<u>\$ 6,560,563</u>

32 SUPPORTING SCHEDULES:
 33 B-2, pages 2

RECAP SCHEDULES:
 B-1

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Avra Water Co-Op, Inc.
Test Year Ended August 31, 2011
Original Cost Rate Base Proforma Adjustments

Line No.	Description	Adjusted at end of Test Year	Proforma Adjustments			Rebuttal Adjusted at end of Test Year
			1 Intentionally Left Blank	2 Intentionally Left Blank	3 Intentionally Left Blank	
1	Gross Utility Plant in Service	\$ 15,919,009				\$ 15,919,009
2						
3						
4	Less:					
5	Accumulated Depreciation	5,134,380				5,134,380
6						
7						
8						
9	Net Utility Plant in Service	\$ 10,784,629	\$ -	\$ -	\$ -	\$ 10,784,629
10						
11						
12	Less:					
13	Advances in Aid of Construction	301,520				301,520
14						
15						
16	Contributions in Aid of Construction (CIAC)	5,196,263				5,196,263
17						
18	Accumulated Amort of CIAC	(1,379,503)				(1,379,503)
19						
20						
21	Meter and Service Line Charges	55,702				55,702
22	Customer Security Deposits	50,084				50,084
23						
24						
25	Plus:					
26	Allowance for Working Capital	-				-
27						
28	Total	\$ 6,560,563	\$ -	\$ -	\$ -	\$ 6,560,563
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						

SUPPORTING SCHEDULES:
B-2, pages 3-5

Avra Water Co-Op, Inc.
 Test Year Ended August 31, 2011
 Original Cost Rate Base Proforma Adjustments
 Adjustment Number 1

Exhibit
 Rebuttal Schedule B-2
 Page 3
 Witness: Bourassa

Line No.	Plant-in-Service	Acct. No.	Description	Direct Adjusted Original Cost	Adjustments			Rebuttal Adjusted Original Cost
					A Intentionally Left Blank	B Intentionally Left Blank	C Intentionally Left Blank	
1		301	Organization Cost	8,685				8,685
2		302	Franchise Cost	-				-
3		303	Land and Land Rights	198,608				198,608
4		304	Structures and Improvements	402,511				402,511
5		305	Collecting and Impounding Res.	242,095				242,095
6		306	Lake River and Other Intakes	-				-
7		307	Wells and Springs	3,340,637				3,340,637
8		308	Infiltration Galleries and Tunnels	-				-
9		309	Supply Mains	-				-
10		310	Power Generation Equipment	-				-
11		311	Electric Pumping Equipment	968,217				968,217
12		320	Water Treatment Equipment	-				-
13		320.1	Water Treatment Plant	-				-
14		320.2	Chemical Solution Feeders	97,660				97,660
15		330	Dist. Reservoirs & Standpipe	-				-
16		330.1	Storage tanks	1,922,659				1,922,659
17		330.2	Pressure Tanks	-				-
18		331	Trans. and Dist. Mains	6,992,548				6,992,548
19		333	Services	512,676				512,676
20		334	Meters	509,219				509,219
21		335	Hydrants	29,829				29,829
22		336	Backflow Prevention Devices	-				-
23		339	Other Plant and Misc. Equip.	109,280				109,280
24		340	Office Furniture and Fixtures	223,224				223,224
25		340.1	Computers and Software	-				-
26		341	Transportation Equipment	193,777				193,777
27		342	Stores Equipment	-				-
28		343	Tools and Work Equipment	122,220				122,220
29		344	Laboratory Equipment	-				-
30		345	Power Operated Equipment	-				-
31		346	Communications Equipment	45,166				45,166
32		347	Miscellaneous Equipment	-				-
33		348	Other Tangible Plant	-				-
34			TOTALS	\$ 15,919,009	\$ -	\$ -	\$ -	\$ 15,919,009
35			Plant-in-Service per Books					\$ 15,919,009
36			Increase (decrease) in Plant-in-Service					\$ -
37			Adjustment to Plant-in-Service					\$ -

Avra Water Co-Op
Plant Additions and Retirements

Exhibit
Rebuttal Schedule B-2
Page 3.1
Witness: Bourassa

Account No.	Description	Deprec. Rate	Deprec. Rate	Decision 69681 8/31/2005	Accum. Depr.	2006 Plant Additions	2006 Plant Adjustments	2006 Adjusted Plant	2006 Plant Retirements	2006 Plant Balance	2006 Depr. ¹	2006 A/D Balance	
		Before 06/28/2007	After 06/28/2007			2006 Plant Additions	2006 Plant Adjustments	2006 Plant Balance	2006 Plant Retirements	2006 Plant Balance	2006 Depr. ¹	2006 A/D Balance	
301	Organization Cost	0.00%	0.00%	8,685	-	-	-	-	-	8,685	-	-	
302	Franchise Cost	0.00%	0.00%	-	-	-	-	-	-	-	-	-	
303	Land and Land Rights	0.00%	0.00%	113,026	-	52,061	-	52,061	-	165,087	-	-	
304	Structures and Improvements	3.33%	3.33%	208,917	100,352	24,080	-	24,080	-	232,997	7,358	107,710	
305	Collecting and Impounding Res.	2.50%	2.50%	36,949	1,047	40,814	-	40,814	-	77,763	1,273	2,320	
306	Lake River and Other Intakes	2.50%	2.50%	-	-	-	-	-	-	-	-	-	
307	Wells and Springs	3.33%	3.33%	1,418,783	410,216	116,317	-	116,317	(444,330)	1,090,770	41,784	7,670	
308	Infiltration Galleries and Tunnels	6.67%	6.67%	-	-	-	-	-	-	-	-	-	
309	Supply Mains	2.00%	2.00%	-	-	-	-	-	-	-	-	-	
310	Power Generation Equipment	5.00%	5.00%	-	-	-	-	-	-	-	-	-	
311	Electric Pumping Equipment	12.50%	12.50%	417,795	312,816	2,700	-	2,700	(50,668)	369,827	30,753	292,901	
320	Water Treatment Equipment	3.33%	3.33%	-	-	-	-	-	-	-	-	-	
320.1	Water Treatment Plant	3.33%	3.33%	-	-	-	-	-	-	-	-	-	
320.2	Chemical Solution Feeders	20.00%	20.00%	9,335	9,774	-	-	-	-	9,335	-	9,774	
330	Dist. Reservoirs & Standpipe	2.22%	2.22%	-	-	-	-	-	-	-	-	-	
330.1	Storage tanks	2.22%	2.22%	1,110,699	457,929	49,512	-	49,512	-	1,160,211	25,207	483,136	
330.2	Pressure Tanks	5.00%	5.00%	-	-	-	-	-	-	-	-	-	
331	Trans. and Dist. Mains	2.00%	2.00%	3,117,186	1,454,916	125,190	-	125,190	-	3,242,376	63,596	1,518,512	
333	Services	3.33%	3.33%	471,158	270,700	6,033	-	6,033	-	477,191	15,790	286,490	
334	Meters	8.33%	8.33%	266,742	156,943	66,204	-	66,204	-	332,946	24,977	181,920	
335	Hydrants	2.00%	2.00%	27,244	2,492	-	-	-	-	27,244	545	3,037	
336	Backflow Prevention Devices	6.67%	6.67%	-	-	-	-	-	-	-	-	-	
339	Other Plant and Misc. Equip.	6.67%	6.67%	151,120	92,471	15,894	-	15,894	-	167,014	10,610	103,081	
340	Office Furniture and Fixtures	20.00%	20.00%	-	-	-	-	-	-	-	-	-	
340.1	Computers and Software	20.00%	20.00%	113,217	142,402	-	-	-	-	113,217	(23,318)	119,084	
341	Transportation Equipment	20.00%	20.00%	-	-	-	-	-	-	-	-	-	
342	Stores Equipment	4.00%	4.00%	-	-	-	-	-	-	-	-	-	
343	Tools and Work Equipment	5.00%	5.00%	108,281	51,897	1,211	-	1,211	-	109,492	5,444	57,341	
344	Laboratory Equipment	10.00%	10.00%	-	-	-	-	-	-	-	-	-	
345	Power Operated Equipment	5.00%	5.00%	-	-	-	-	-	-	-	-	-	
346	Communications Equipment	10.00%	10.00%	41,656	3,856	3,510	-	3,510	-	45,166	2,258	6,114	
347	Miscellaneous Equipment	10.00%	10.00%	-	-	-	-	-	-	-	-	-	
348	Other Tangible Plant	10.00%	10.00%	-	-	-	-	-	-	-	-	-	
RND	Rounding	-	-	-	1	-	-	-	-	-	(2)	(1)	
TOTAL WATER PLANT													
					7,620,793	3,467,812	503,526	-	503,526	(494,998)	7,629,321	206,275	3,179,089

¹ Note: Depreciation computed by vintage year. See workpapers for depreciation expense computations

Avra Water Co-Op
Plant Additions and Retirements

Exhibit
Rebuttal Schedule B-2
Page 4b
Witness: Bourassa

Account No.	Description	Deprec. Rate	Deprec. Rate	2007 Plant Additions	2007 Plant Adjustments	2007 Adjusted Plant Additions	2007 Plant Retirements	2007 Plant Balance	2007 Depr. ¹	2007 A/D Balance
		Before 06/28/2007	After 06/28/2007							
301	Organization Cost	0.00%	0.00%	-	-	-	-	8,685	-	-
302	Franchise Cost	0.00%	0.00%	-	-	-	-	-	-	-
303	Land and Land Rights	0.00%	0.00%	17,510	-	17,510	-	182,597	-	-
304	Structures and Improvements	3.33%	3.33%	120,168	-	120,168	-	353,165	9,760	117,469
305	Collecting and Impounding Res.	2.50%	2.50%	-	-	-	-	77,763	1,726	4,047
306	Lake River and Other Intakes	2.50%	2.50%	-	-	-	-	-	-	-
307	Wells and Springs	3.33%	3.33%	217,712	-	217,712	-	1,308,482	39,948	47,618
308	Infiltration Galleries and Tunnels	6.67%	6.67%	-	-	-	-	-	-	-
309	Supply Mains	2.00%	2.00%	-	-	-	-	-	-	-
310	Power Generation Equipment	5.00%	5.00%	-	-	-	-	-	-	-
311	Electric Pumping Equipment	12.50%	12.50%	39,901	-	39,901	-	409,728	19,273	312,174
320	Water Treatment Equipment	3.33%	3.33%	-	-	-	-	-	-	-
320.1	Water Treatment Plant	3.33%	3.33%	-	-	-	-	-	-	-
320.2	Chemical Solution Feeders	20.00%	20.00%	78,078	-	78,078	-	87,413	7,808	17,582
330	Dist. Reservoirs & Standpipe	2.22%	2.22%	-	-	-	-	-	-	-
330.1	Storage tanks	2.22%	2.22%	19,116	-	19,116	-	1,179,328	25,969	509,105
330.2	Pressure Tanks	5.00%	5.00%	-	-	-	-	-	-	-
331	Trans. and Dist. Mains	2.00%	2.00%	2,903,413	-	2,903,413	-	6,145,789	93,882	1,612,393
333	Services	3.33%	3.33%	7,311	-	7,311	-	484,501	16,012	302,502
334	Meters	8.33%	8.33%	59,585	-	59,585	-	392,531	30,023	211,943
335	Hydrants	2.00%	2.00%	200	-	200	-	27,444	547	3,584
336	Backflow Prevention Devices	6.67%	6.67%	-	-	-	-	-	-	-
339	Other Plant and Misc. Equip.	6.67%	6.67%	-	-	-	-	-	-	-
340	Office Furniture and Fixtures	6.67%	6.67%	10,533	-	10,533	-	177,547	11,491	114,572
340.1	Computers and Software	20.00%	20.00%	-	-	-	-	-	-	-
341	Transportation Equipment	20.00%	20.00%	11,413	7,972	19,384	-	132,601	(3,929)	115,155
342	Stores Equipment	4.00%	4.00%	-	-	-	-	-	-	-
343	Tools and Work Equipment	5.00%	5.00%	1,266	-	1,266	-	110,758	5,506	62,848
344	Laboratory Equipment	10.00%	10.00%	-	-	-	-	-	-	-
345	Power Operated Equipment	5.00%	5.00%	-	-	-	-	-	-	-
346	Communications Equipment	10.00%	10.00%	-	-	-	-	45,166	2,434	8,548
347	Miscellaneous Equipment	10.00%	10.00%	-	-	-	-	-	-	-
348	Other Tangible Plant	10.00%	10.00%	-	-	-	-	-	-	-
RND	Rounding			-	-	-	-	-	-	(1)
TOTAL WATER PLANT										
				3,486,204	7,972	3,494,176	-	11,123,497	260,449	3,439,538

¹ Note: Depreciation computed by vintage year. See workpapers for depreciation expense computations

Avra Water Co-Op
Plant Additions and Retirements

Exhibit
Rebuttal Schedule B-2
Page 3.2
Witness: Bourassa

Account No.	Description	Deprec. Rate	Deprec. Rate	2008 Plant Additions	2008 Plant Adjustments	2008 Adjusted Plant Additions	2008 Plant Retirements	2008 Plant Balance	2008 Depr. ¹	2008 A/D Balance
		Before 06/28/2007	After 06/28/2007							
301	Organization Cost	0.00%	0.00%	-	-	-	-	8,685	-	-
302	Franchise Cost	0.00%	0.00%	-	-	-	-	-	-	-
303	Land and Land Rights	0.00%	0.00%	15,900	-	15,900	-	198,497	-	-
304	Structures and Improvements	3.33%	3.33%	13,075	-	13,075	-	366,239	11,978	129,448
305	Collecting and Impounding Res.	2.50%	2.50%	28,464	-	28,464	-	106,227	2,042	6,089
306	Lake River and Other Intakes	2.50%	2.50%	-	-	-	-	-	-	-
307	Wells and Springs	3.33%	3.33%	1,835,416	146,891	1,982,307	-	3,290,789	76,578	124,195
308	Infiltration Galleries and Tunnels	6.67%	6.67%	-	-	-	-	-	-	-
309	Supply Mains	2.00%	2.00%	-	-	-	-	-	-	-
310	Power Generation Equipment	5.00%	5.00%	-	-	-	-	-	-	-
311	Electric Pumping Equipment	12.50%	12.50%	849,773	(334,325)	515,448	-	925,176	53,983	366,157
320	Water Treatment Equipment	3.33%	3.33%	-	-	-	-	-	-	-
320.1	Water Treatment Plant	3.33%	3.33%	-	-	-	-	-	-	-
320.2	Chemical Solution Feeders	20.00%	20.00%	3,862	-	3,862	-	91,275	-	-
330	Dist. Reservoirs & Standpipe	2.22%	2.22%	-	-	-	-	-	-	-
330.1	Storage tanks	2.22%	2.22%	620,665	102,554	723,218	-	1,902,546	34,209	543,314
330.2	Pressure Tanks	5.00%	5.00%	-	-	-	-	-	-	-
331	Trans. and Dist. Mains	2.00%	2.00%	75,072	84,881	159,952	(95,651)	6,210,091	123,559	1,640,301
333	Services	3.33%	3.33%	8,672	-	8,672	-	493,173	16,278	318,780
334	Meters	8.33%	8.33%	27,600	-	27,600	-	420,131	19,236	231,179
335	Hydrants	2.00%	2.00%	1,787	-	1,787	-	29,231	567	4,151
336	Backflow Prevention Devices	6.67%	6.67%	-	-	-	-	-	-	-
339	Other Plant and Misc. Equip.	6.67%	6.67%	25,873	-	25,873	-	25,873	863	863
340	Office Furniture and Fixtures	6.67%	6.67%	8,099	-	8,099	-	185,645	12,112	126,684
340.1	Computers and Software	20.00%	20.00%	-	-	-	-	-	-	-
341	Transportation Equipment	20.00%	20.00%	23,899	-	23,899	-	156,500	6,267	121,422
342	Stores Equipment	4.00%	4.00%	-	-	-	-	-	-	-
343	Tools and Work Equipment	5.00%	5.00%	1,351	-	1,351	-	112,109	5,572	68,419
344	Laboratory Equipment	10.00%	10.00%	-	-	-	-	-	-	-
345	Power Operated Equipment	5.00%	5.00%	-	-	-	-	-	-	-
346	Communications Equipment	10.00%	10.00%	-	-	-	-	45,166	2,434	10,982
347	Miscellaneous Equipment	10.00%	10.00%	-	-	-	-	-	-	-
348	Other Tangible Plant	10.00%	10.00%	-	-	-	-	-	-	-
RND	Rounding			-	-	-	-	-	-	(1)
				3,539,507	0	3,539,507	(95,651)	14,567,353	381,679	3,725,566

TOTAL WATER PLANT

¹ Note: Depreciation computed by vintage year. See workpapers for depreciation expense computations

Avra Water Co-Op
 Plant Additions and Retirements

Exhibit
 Rebuttal Schedule B-2
 Page 3.3
 Witness: Bourassa

Account No.	Description	Deprec. Rate	Deprec. Rate	2009 Plant Additions	2009 Plant Adjustments	2009 Adjusted Plant Additions	2009 Plant Retirements	2009 Plant Balance	2009 Dept. ¹	2009 Salvage	2009 A/D Balance
		Before 06/28/2007	After 06/28/2007								
301	Organization Cost	0.00%	0.00%	-	-	-	-	8,685	-	-	-
302	Franchise Cost	0.00%	0.00%	-	-	-	-	-	-	-	-
303	Land and Land Rights	0.00%	0.00%	-	-	-	-	198,497	-	-	-
304	Structures and Improvements	3.33%	3.33%	16,610	-	16,610	-	382,850	12,472	-	141,920
305	Collecting and Impounding Res.	2.50%	2.50%	2,244	-	2,244	-	108,470	2,383	-	8,472
306	Lake River and Other Intakes	2.50%	2.50%	-	-	-	-	-	-	-	-
307	Wells and Springs	3.33%	3.33%	8,467	-	8,467	-	3,299,256	109,724	-	233,920
308	Infiltration Galleries and Tunnels	6.67%	6.67%	-	-	-	-	-	-	-	-
309	Supply Mains	2.00%	2.00%	-	-	-	-	-	-	-	-
310	Power Generation Equipment	5.00%	5.00%	-	-	-	-	-	-	-	-
311	Electric Pumping Equipment	12.50%	12.50%	9,346	-	9,346	(1,225)	933,297	86,408	3,000	454,339
320	Water Treatment Equipment	3.33%	3.33%	-	-	-	-	-	-	-	-
320.1	Water Treatment Plant	3.33%	3.33%	-	-	-	-	-	-	-	-
320.2	Chemical Solution Feeders	20.00%	20.00%	-	-	-	-	91,275	16,388	-	49,972
330	Dist. Reservoirs & Standpipe	2.22%	2.22%	-	-	-	-	-	-	-	-
330.1	Storage tanks	2.22%	2.22%	8,162	-	8,162	-	1,910,708	42,327	-	585,641
330.2	Pressure Tanks	5.00%	5.00%	-	-	-	-	-	-	-	-
331	Trans. and Dist. Mains	2.00%	2.00%	1,062	-	1,062	-	6,211,152	124,212	-	1,764,514
333	Services	3.33%	3.33%	4,737	-	4,737	-	497,910	16,502	-	335,282
334	Meters	8.33%	8.33%	16,065	-	16,065	-	436,196	21,055	-	252,234
335	Hydrants	2.00%	2.00%	-	-	-	-	29,231	585	-	4,735
336	Backflow Prevention Devices	6.67%	6.67%	-	-	-	-	-	-	-	-
339	Other Plant and Misc. Equip.	6.67%	6.67%	83,407	-	83,407	-	109,280	4,507	-	5,370
340	Office Furniture and Fixtures	6.67%	6.67%	11,809	-	11,809	-	197,455	8,974	-	135,659
340.1	Computers and Software	20.00%	20.00%	-	-	-	-	-	-	-	-
341	Transportation Equipment	20.00%	20.00%	1,297	-	1,297	(1,387)	156,410	8,786	-	128,822
342	Stores Equipment	4.00%	4.00%	-	-	-	-	-	-	-	-
343	Tools and Work Equipment	5.00%	5.00%	2,533	-	2,533	-	114,642	5,669	-	74,088
344	Laboratory Equipment	10.00%	10.00%	-	-	-	-	-	-	-	-
345	Power Operated Equipment	5.00%	5.00%	-	-	-	-	-	-	-	-
346	Communications Equipment	10.00%	10.00%	-	-	-	-	45,166	2,434	-	13,416
347	Miscellaneous Equipment	10.00%	10.00%	-	-	-	-	-	-	-	-
348	Other Tangible Plant	10.00%	10.00%	-	-	-	-	-	-	-	-
RND	Rounding			-	-	-	-	-	-	-	(1)
TOTAL WATER PLANT											
165,739 165,739 (2,612) 14,730,481 462,427 3,000 4,188,381											

¹ Note: Depreciation computed by vintage year. See workpapers for depreciation expense computations

Avra Water Co-Op
Plant Additions and Retirements

Exhibit
Rebuttal Schedule B-2
Page 3.5
Witness: Bourassa

Account No.	Description	Deprec. Rate	Deprec. Rate	2011 Plant Additions	2011 Plant Adjustments	2011 Adjusted Plant Additions	2011 Plant Retirements	2011 Plant Balance	2011 Depr. ¹	2011 Salvage	2011 A/D Balance
		Before 06/28/2007	After 06/28/2007								
301	Organization Cost	0.00%	0.00%	-	-	-	-	8,685	-	-	-
302	Franchise Cost	0.00%	0.00%	-	-	-	-	-	-	-	-
303	Land and Land Rights	0.00%	0.00%	-	-	-	-	198,608	-	-	-
304	Structures and Improvements	3.33%	3.33%	19,661	-	19,661	-	402,511	13,076	-	167,745
305	Collecting and Impounding Res.	2.50%	2.50%	3,364	-	3,364	-	242,095	5,337	-	17,663
306	Lake River and Other Intakes	2.50%	2.50%	-	-	-	-	-	-	-	-
307	Wells and Springs	3.33%	3.33%	36,932	-	36,932	-	3,340,637	110,628	-	454,487
308	Infiltration Galleries and Tunnels	6.67%	6.67%	-	-	-	-	-	-	-	-
309	Supply Mains	2.00%	2.00%	-	-	-	-	-	-	-	-
310	Power Generation Equipment	5.00%	5.00%	-	-	-	-	-	-	-	-
311	Electric Pumping Equipment	12.50%	12.50%	19,673	-	19,673	-	968,217	80,206	-	617,584
320	Water Treatment Equipment	3.33%	3.33%	-	-	-	-	-	-	-	-
320.1	Water Treatment Plant	3.33%	3.33%	-	-	-	-	-	-	-	-
320.2	Chemical Solution Feeders	20.00%	20.00%	5,294	-	5,294	-	97,660	17,136	-	83,604
330	Dist. Reservoirs & Standpipe	2.22%	2.22%	-	-	-	-	-	-	-	-
330.1	Storage tanks	2.22%	2.22%	223	-	223	-	1,922,659	42,681	-	670,869
330.2	Pressure Tanks	5.00%	5.00%	-	-	-	-	-	-	-	-
331	Trans. and Dist. Mains	2.00%	2.00%	64,832	-	64,832	-	6,992,548	139,203	-	2,012,251
333	Services	3.33%	3.33%	11,346	-	11,346	-	512,676	16,883	-	368,802
334	Meters	8.33%	8.33%	25,069	-	25,069	-	509,219	26,763	-	302,717
335	Hydrants	2.00%	2.00%	598	-	598	-	29,829	591	-	5,910
336	Backflow Prevention Devices	6.67%	6.67%	-	-	-	-	-	-	-	-
339	Other Plant and Misc. Equip.	6.67%	6.67%	-	-	-	-	109,280	7,289	-	19,948
340	Office Furniture and Fixtures	6.67%	6.67%	2,542	-	2,542	-	223,224	7,466	-	149,732
340.1	Computers and Software	20.00%	20.00%	-	-	-	-	-	-	-	-
341	Transportation Equipment	20.00%	20.00%	38,663	-	38,663	(1,297)	193,777	12,653	9,890	158,984
342	Stores Equipment	4.00%	4.00%	-	-	-	-	-	-	-	-
343	Tools and Work Equipment	5.00%	5.00%	4,182	-	4,182	-	122,220	5,896	-	85,801
344	Laboratory Equipment	10.00%	10.00%	-	-	-	-	-	-	-	-
345	Power Operated Equipment	5.00%	5.00%	-	-	-	-	-	-	-	-
346	Communications Equipment	10.00%	10.00%	-	-	-	-	45,166	2,434	-	18,283
347	Miscellaneous Equipment	10.00%	10.00%	-	-	-	-	-	-	-	-
348	Other Tangible Plant	10.00%	10.00%	-	-	-	-	-	-	-	-
RND	Rounding			-	-	-	-	-	-	-	(1)
TOTAL WATER PLANT											
232,379 - 232,379 (1,297) 15,919,009 488,240 9,890 5,134,380											

¹ Note: Depreciation computed by vintage year. See workpapers for depreciation expense computations

Avra Water Co-Op
 Plant Reconciliation to Prior Rate Case

Line No.	Account No.	Description	Balance Per Company Per 2005 TY Before Adj.	Staff Rate Case Adjustments	Intentionally Left Blank	Intentionally Left Blank	Per Decision 69681 Prior Case Adjusted Plant
6	301	Organization Cost	8,685				8,685
7	302	Franchise Cost					-
8	303	Land and Land Rights	206,695	(93,669)			113,026
9	304	Structures and Improvements	208,917				208,917
10	305	Collecting and Impounding Res.	362,191	(325,242)			36,949
11	306	Lake River and Other Intakes					-
12	307	Wells and Springs	2,855,026	(1,436,243)			1,418,783
13	308	Infiltration Galleries and Tunnels					-
14	309	Supply Mains					-
15	310	Power Generation Equipment					-
16	311	Electric Pumping Equipment	724,276	(306,481)			417,795
17	320	Water Treatment Equipment					-
18	320.1	Water Treatment Plants					-
19	320.2	Chemical Solution Feeders	9,335				9,335
20	330	Distribution Reservoirs & Standpipe					-
21	330.1	Storage tanks	1,110,699				1,110,699
22	330.2	Pressure Tanks					-
23	331	Transmission and Distribution Mains	6,407,186	(3,290,000)			3,117,186
24	333	Services	471,158				471,158
25	334	Meters	266,742				266,742
26	335	Hydrants	27,244				27,244
27	336	Backflow Prevention Devices					-
28	339	Other Plant and Miscellaneous Equipment	151,120				151,120
29	340	Office Furniture and Fixtures					-
30	340.1	Computers and Software	113,217				113,217
31	341	Transportation Equipment					-
32	342	Stores Equipment	108,281				108,281
33	343	Tools and Work Equipment					-
34	344	Laboratory Equipment					-
35	345	Power Operated Equipment					-
36	346	Communications Equipment	41,656				41,656
37	347	Miscellaneous Equipment					-
38	348	Other Tangible Plant					-
39		Rounding					-
40		TOTAL	13,072,428	(5,451,635)			7,620,793

Avra Water Co-Op, Inc.
 Test Year Ended August 31, 2011
 Original Cost Rate Base Proforma Adjustments
 Adjustment 3

Exhibit
 Rebuttal Schedule B-2
 Page 5
 Witness: Bourassa

Line

<u>No.</u>		<u>Gross CIAC</u>	<u>A.A.</u>
1	<u>CIAC and Accumulated Amortization</u>		
2			
3			
4			
5	Computed balance at 08/31/2011	\$ 5,196,263	\$ (1,379,503)
6			
7	Adjusted Book balance at 08/31/2011	<u>\$ 5,196,262</u>	<u>\$ (1,379,503)</u>
8			
9	Increase (decrease)	\$ 0	\$ 0
10			
11			
12	Adjustment to CIAC	<u>\$ 0</u>	<u>\$ (0)</u>
13	Label	3a	3b
14			
15			
16			
17			
18			
19	<u>SUPPORTING SCHEDULES</u>		
20	B-2, page 5.1 to 5.3		
21			
22			
23			
24			
25			
26			
27			
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29			
30			
31			
32			
33			
34			
35			
36			

Line No.	Balance at 8/31/2005	2006 Activity	Balance at 8/31/2006	2007 Activity	Balance at 0831/2007
1	\$ 1,686,943	\$ 152,016	\$ 1,838,959	\$ 1,141,760	\$ 2,980,719
2					
3					
4					
5					
6					
7					
8	\$ (743,613)	\$ (48,776)	\$ (792,389)	\$ (57,412)	\$ (849,801)
9					
10	<u>\$ 943,330</u>		<u>\$ 1,046,570</u>		<u>\$ 2,130,918</u>
11					
12					
13					
14					
		2.7667%		2.3824%	

Avra Water Co-Op, Inc.
 Test Year Ended August 31, 2011
 Original Cost Rate Base Proforma Adjustments
 Contributions-in-aid of Construction and Amortization
 Adjustment 3

Exhibit
 Rebuttal Schedule B-2
 Page 5.2
 Witness: Bourassa

Line No.	2008 Activity	Balance at 8/31/2009	2009 Activity	Balance at 8/31/2010
1				
2				
3				
4	\$ 1,112,188	\$ 4,092,907	\$ 172,332	\$ 4,265,240
5				
6				
7				
8	\$ (94,005)	\$ (943,806)	\$ (133,062)	\$ (1,076,867)
9				
10			<u>\$ 3,188,372</u>	
11				
12			3.1840%	
13				
14				

2.6579%

Avra Water Co-Op, Inc.
 Test Year Ended August 31, 2011
 Original Cost Rate Base Proforma Adjustments
 Contributions-in-aid of Construction and Amortization
 Adjustment 3

Exhibit
 Rebuttal Schedule B-2
 Page 5.3
 Witness: Bourassa

Line No.	2010 Activity	Balance at 8/31/2010	2011 Activity	Balance at 8/31/2011
1				
2				
3				
4	\$ 830,867	\$ 5,096,107	\$ 100,156	\$ 5,196,263
5				
6				
7				
8	\$ (142,718)	\$ (1,219,586)	\$ (159,918)	\$ (1,379,503)
9				
10		<u>\$ 3,876,521</u>		<u>\$ 3,816,759</u>
11				
12				
13				
14				
	3.0491%		3.1075%	

Avra Water Co-Op, Inc.
 Test Year Ended August 31, 2011
 Computation of Working Capital

Exhibit
 Rebuttal Schedule B-5
 Page 1
 Witness: Bourassa

Line
No.

1	Cash Working Capital (1/8 of Allowance		
2	Operation and Maintenance Expense)	\$	116,923
3	Pumping Power (1/24 of Pumping Power)		5,333
4	Purchased Water (1/24 of Purchased Water)		-
5	Materials and Supplies		34,650
6	Prepayments		4,906
7			
8			
9	Total Working Capital Allowance	<u>\$</u>	<u>161,811</u>
10			
11			
12	Working Capital Requested	<u>\$</u>	<u>-</u>
13			
14			
15	<u>SUPPORTING SCHEDULES:</u>		<u>RECAP SCHEDULES:</u>
16	E-1		B-1
17			
18			
19	Total Operating Expense		1,489,993
20	Less:		
21	Income Tax		-
22	Property Tax		103,545
23	Depreciation		323,081
24	Purchased Water		-
25	Pumping Power		127,984

Avra Water Co-Op, Inc.
 Test Year Ended August 31, 2011
 Income Statement

Exhibit
 Rebuttal Schedule C-1
 Page 1
 Witness: Bourassa

Line No.		Test Year Book Results	Adjustment	Test Year Adjusted Results	Proposed Rate Increase	Adjusted with Rate Increase
1	Revenues					
2	Metered Water Revenues	\$ 1,571,783	\$ -	\$ 1,571,783	\$ 187,331	\$ 1,759,114
3	Unmetered Water Revenues	-	-	-		-
4	Other Water Revenues	40,778	-	40,778		40,778
5		<u>\$ 1,612,561</u>	<u>\$ -</u>	<u>\$ 1,612,561</u>	<u>\$ 187,331</u>	<u>\$ 1,799,891</u>
6	Operating Expenses					
7	Salaries and Wages	\$ 409,212	-	\$ 409,212		\$ 409,212
8	Employee Pensions \$ Benefits	124,256	-	124,256		124,256
9	Purchased Water	-	-	-		-
10	Purchased Power	127,984	-	127,984		127,984
11	Fuel for Power Production	-	-	-		-
12	Chemicals	1,132	-	1,132		1,132
13	Materials and Supplies	10,360	-	10,360		10,360
14	Office Supplies and Expense	7,540	-	7,540		7,540
15	Contractual Services - Engineering	12,699	-	12,699		12,699
16	Contractual Services - Accounting	51,694	-	51,694		51,694
17	Contractual Services - Legal	4,812	-	4,812		4,812
18	Contractual Services - Testing	11,062	-	11,062		11,062
19	Contractual Services - Other	67,405	-	67,405		67,405
20	Rents	10,726	-	10,726		10,726
21	Transportation Expenses	73,511	-	73,511		73,511
22	Insurance - Vehicle	6,161	-	6,161		6,161
23	Insurance - General Liability	11,800	-	11,800		11,800
24	Insurance - Workers Comp.	6,317	-	6,317		6,317
25	Insurance - Other	16,829	-	16,829		16,829
26	Advertising Expense	1,297	-	1,297		1,297
27	Water Resource Conservation	634	-	634		634
28	Reg. Comm. Exp. - Rate Case	20,000	-	20,000		20,000
29	Bade Debt Expense	6,221	-	6,221		6,221
30	Miscellaneous Expense	45,693	-	45,693		45,693
31	Depreciation Expense	323,081	-	323,081		323,081
32	Taxes Other Than Income	36,024	-	36,024		36,024
33	Property Taxes	103,545	-	103,545	3,917	107,462
34	Income Tax	-	-	-		-
35						
36	Total Operating Expenses	<u>\$ 1,489,993</u>	<u>\$ -</u>	<u>\$ 1,489,993</u>	<u>\$ 3,917</u>	<u>\$ 1,493,910</u>
37	Operating Income	<u>\$ 122,568</u>	<u>\$ -</u>	<u>\$ 122,568</u>	<u>\$ 183,413</u>	<u>\$ 305,982</u>
38	Other Income (Expense)					
39	Interest Income	455	-	455		455
40	Other income	-	-	-		-
41	Interest Expense	(155,000)	(0)	(155,000)		(155,000)
42	Other Expense	-	-	-		-
43		-	-	-		-
44	Total Other Income (Expense)	<u>\$ (154,544)</u>	<u>\$ (0)</u>	<u>\$ (154,544)</u>	<u>\$ -</u>	<u>\$ (154,544)</u>
45	Net Profit (Loss)	<u>\$ (31,976)</u>	<u>\$ (0)</u>	<u>\$ (31,976)</u>	<u>\$ 183,413</u>	<u>\$ 151,437</u>

SUPPORTING SCHEDULES:
 C-1, page 2

RECAP SCHEDULES:
 A-1

46
 47
 48
 49
 50

Avra Water Co-Op, Inc.
 Test Year Ended August 31, 2011
 Income Statement

Line No.	1	2	3	4	5	6	7	8	Adjusted Results	Proposed Rate Increase	Adjusted with Rate Increase
	Intentionally Left Blank	Intentionally Left Blank	Intentionally Left Blank	Intentionally Left Blank	Intentionally Left Blank	Intentionally Left Blank	Intentionally Left Blank	Intentionally Left Blank	Rebuttal Adjusted Results		
1	Revenues								\$ 1,571,783	\$ 187,331	\$ 1,759,114
2	Metered Water Revenues								40,778		40,778
3	Unmetered Water Revenues								1,612,561	\$ 187,331	\$ 1,799,891
4	Other Water Revenues										
5											
6	Operating Expenses										
7	Salaries and Wages	\$ 409,212							\$ 409,212		\$ 409,212
8	Employee Pensions & Benefits	124,256							124,256		124,256
9	Purchased Water										
10		127,984							127,984		127,984
11	Fuel for Power Production										
12	Chemicals										
13	Materials and Supplies	1,132							1,132		1,132
14	Office Supplies and Expense	10,360							10,360		10,360
15	Contract Serv. - Engineering	7,540							7,540		7,540
16	Contract Serv. - Accounting	12,699							12,699		12,699
17	Contractual Serv. - Legal	51,694							51,694		51,694
18	Contractual Serv. - Testing	4,812							4,812		4,812
19	Contractual Serv. - Other	11,062							11,062		11,062
20	Rents	67,405							67,405		67,405
21	Transportation Expenses	10,726							10,726		10,726
22	Insurance - Vehicle	73,511							73,511		73,511
23	Insurance - General Liability	6,161							6,161		6,161
24	Insurance - Workers Comp.	11,800							11,800		11,800
25	Insurance - Other	6,317							6,317		6,317
26	Advertising Expense	16,829							16,829		16,829
27	Water Resource Conservation	1,297							1,297		1,297
28	Reg. Comm. Exp. - Rate Case	634							634		634
29	Bade Debt Expense	20,000							20,000		20,000
30	Miscellaneous Expense	6,221							6,221		6,221
31	Depreciation Expense	45,693							45,693		45,693
32	Taxes Other Than Income	323,081							323,081		323,081
33	Property Taxes	36,024							36,024		36,024
34	Income Tax	103,545							103,545	3,917	107,462
35											
36	Total Operating Expenses	\$ 1,489,993							\$ 1,489,993	\$ 3,917	\$ 1,493,910
37	Operating Income	\$ 122,568							\$ 122,568	\$ 183,413	\$ 305,982
38	Other Income (Expense)								455		455
39	Interest Income										
40	Adj. for Change in Depr. Method										
41	Interest Expense	(155,000)							(155,000)		(155,000)
42	Gain (loss)										
43	Other Expense										
44											
45	Total Other Income (Expense)	\$ (154,544)							\$ (154,544)		\$ (154,544)
46	Net Profit (Loss)	\$ (31,976)							\$ (31,976)	\$ 183,413	\$ 151,437

SUPPORTING SCHEDULES:
 C-1, page 1

SUPPORTING SCHEDULES:
 C-2

Avra Water Co-Op, Inc.
 Test Year Ended August 31, 2011
 Adjustments to Revenues and Expenses

Exhibit
 Rebuttal Schedule C-2
 Page 1
 Witness: Bourassa

Line No.	<u>Adjustments to Revenues and Expenses</u>						<u>Subtotal</u>
	<u>1</u> Property Taxes	<u>2</u> Intentionally Left Blank	<u>3</u> Intentionally Left Blank	<u>4</u> Intentionally Left Blank	<u>5</u> Intentionally Left Blank	<u>6</u> Intentionally Left Blank	
3							-
4							-
5							-
6							-
7							-
8							-
9							-
10							-
11							-
12							-
13							-
14							-
15							-
16							-
17							-
18							-
19							-
20							-
21							-
22							-
23							-
24							-
25							-
26							-
27							-
28							-
29							-
30							-
31							-
32							-
33							-
34							-
35							-
36							-
37							-
38							-

Avra Water Co-Op, Inc.
 Test Year Ended August 31, 2011
 Computation of Gross Revenue Conversion Factor

Exhibit
 Rebuttal Schedule C-3
 Page 1
 Witness: Bourassa

Line No.	<u>Description</u>	Percentage of Incremental Gross <u>Revenues</u>
1	Combined Federal and State Effective Income Tax Rate	0.00%
2		
3	Property Taxes	<u>2.09%</u>
4		
5		
6	Total Tax Percentage	2.09%
7		
8	Operating Income % = 100% - Tax Percentage	97.91%
9		
10		
11		
12		
13	<u>1</u> = Gross Revenue Conversion Factor	
14	Operating Income %	1.0214
15		
16	<u>SUPPORTING SCHEDULES:</u>	<u>RECAP SCHEDULES:</u>
17		A-1
18		
19		
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21		
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27		
28		

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)
<i>Calculation of Gross Revenue Conversion Factor:</i>				
1	Revenue	100.0000%		
2	Uncollectible Factor (Line 11)	0.0000%		
3	Revenues (L1 - L2)	100.0000%		
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	2.0911%		
5	Subtotal (L3 - L4)	97.9089%		
6	Revenue Conversion Factor (L1 / L5)	1.021358		
<i>Calculation of Uncollectible Factor:</i>				
7	Unity	100.0000%		
8	Combined Federal and State Tax Rate (Line 17)	0.0000%		
9	One Minus Combined Income Tax Rate (L7 - L8)	100.0000%		
10	Uncollectible Rate	0.0000%		
11	Uncollectible Factor (L9 * L10)		0.0000%	
<i>Calculation of Effective Tax Rate:</i>				
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%		
13	Arizona State Income Tax Rate	0.0000%		
14	Federal Taxable Income (L12 - L13)	100.0000%		
15	Applicable Federal Income Tax Rate (Line 44)	0.0000%		
16	Effective Federal Income Tax Rate (L14 x L15)	0.0000%		
17	Combined Federal and State Income Tax Rate (L13 +L16)		0.0000%	
<i>Calculation of Effective Property Tax Factor</i>				
18	Unity	100.0000%		
19	Combined Federal and State Income Tax Rate (L17)	0.0000%		
20	One Minus Combined Income Tax Rate (L18-L19)	100.0000%		
21	Property Tax Factor (GTM-14, L24)	2.0911%		
22	Effective Property Tax Factor (L20*L21)		2.0911%	
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)			2.0911%
24	Required Operating Income (Schedule GWB-1, Line 5)	\$ 305,982		
25	Adjusted Test Year Operating Income (Loss) (Schedule GWB-10, Line 42)	\$ 122,568		
26	Required Increase in Operating Income (L24 - L25)		\$ 183,413	
27	Income Taxes on Recommended Revenue (Col. (F), L52)	\$ -		
28	Income Taxes on Test Year Revenue (Col. (C), L52)	\$ -		
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		\$ -	
30	Recommended Revenue Requirement (Schedule GWB-1, Line 10)	\$ 1,799,891		
31	Uncollectible Rate (Line 10)	0.0000%		
32	Uncollectible Expense on Recommended Revenue (L24 * L25)	\$ -		
33	Adjusted Test Year Uncollectible Expense	\$ -		
34	Required Increase in Revenue to Provide for Uncollectible Exp.		\$ -	
35	Property Tax with Recommended Revenue (GTM-15, 20)	\$ 107,462		
36	Property Tax on Test Year Revenue (GTM-15, Col A, L16)	\$ 103,545		
37	Increase in Property Tax Due to Increase in Revenue (L35-L36)		\$ 3,917	
38	Total Required Increase in Revenue (L26 + L29 + L37)		\$ 187,331	

Line No.	Meter Size	Classification	Total Revenues at Present Rates	Total Revenues at Proposed Rates	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues	Additional Bills	Additional Gallons
1	5/8x3/4 Inch		\$ 1,423,672	\$ 1,589,109	\$ 165,437	11.62%	88.29%	88.29%		
2	5/8x3/4 Inch	Multi-dwelling 2 units	110,405	126,650	16,245	14.71%	6.85%	7.04%	(471)	(6,483,502)
3	5/8x3/4 Inch	Multi-dwelling 3 units	5,953	6,679	726	12.19%	0.37%	0.37%	(43)	(890,307)
4	3/4 Inch		18,913	20,293	1,380	7.30%	1.17%	1.13%	(2)	(37,572)
5	3/4 Inch	Multi-dwelling 7 units	4,624	5,715	1,091	23.59%	0.29%	0.32%	(15)	(162,260)
6	1 Inch		23,548	26,776	3,228	13.71%	1.46%	1.49%	(1)	(86,001)
7	1 1/2 Inch		4,070	4,245	174	4.28%	0.25%	0.24%	5	(9,288)
8	2 Inch Meter		9,396	9,895	499	5.31%	0.58%	0.55%	(1)	(8,167)
9	4 Inch		10,140	10,488	349	3.44%	0.63%	0.58%	-	-
10	6 Inch		-	-	-	0.00%	0.00%	0.00%	(1)	(16,001)
11										
12		Construction/Standpipe	436	436	-	0.00%	0.03%	0.02%		
13										
14										
15		Subtotals of Revenues	\$ 1,611,159	\$ 1,800,287	\$ 189,128	11.74%	99.91%	100.02%		
16		Revenue Annualizations:								
17	5/8x3/4 Inch		(27,952)	(31,356)	(3,404)	12.18%	-1.73%	-1.74%	(471)	(6,483,502)
18	5/8x3/4 Inch	Multi-dwelling 2 units	(3,890)	(4,555)	(665)	17.10%	-0.24%	-0.25%	(43)	(890,307)
19	5/8x3/4 Inch	Multi-dwelling 3 units	(200)	(226)	(26)	13.12%	-0.01%	-0.01%	(2)	(37,572)
20	3/4 Inch		(999)	(1,075)	(75)	7.53%	-0.06%	-0.06%	(15)	(162,260)
21	3/4 Inch	Multi-dwelling 7 units	(381)	(477)	(96)	25.31%	-0.02%	-0.03%	(1)	(86,001)
22	1 Inch		333	325	(8)	-2.56%	0.02%	0.02%	5	(9,288)
23	1 1/2 Inch		(161)	(167)	(6)	3.91%	-0.01%	-0.01%	(1)	(8,167)
24	2 Inch Meter		-	-	-	0.00%	0.00%	0.00%	-	-
25	4 Inch		(743)	(757)	(15)	1.98%	-0.05%	-0.04%	(1)	(16,001)
26										
27										
28										
29		Construction/Standpipe	(247)	(247)	-	0.00%	-0.02%	-0.01%	(10)	(61,672)
30										
31		Subtotal Revenue Annualization	(34,239)	(38,535)	(4,296)	12.55%	-2.12%	-2.39%	(539)	(7,754,770)
32										
33		Total Revenues w/ Annualization	\$ 1,576,921	\$ 1,761,753	\$ 184,832	11.72%	97.79%	97.88%		
34		Misc Revenues	40,778	40,778	-	0.00%	2.53%	2.27%		
35		Reconciling Amount	(5,136)	(2,639)	2,499	-48.64%	-0.32%	-0.15%		
36		Total Revenues	\$ 1,612,560	\$ 1,799,891	\$ 187,331	11.62%	100.00%	100.00%		
37										
38										
39		Reconciliation to GL Revenues								
40		Metered Revenues Per GL	\$ 1,571,783							0.19%
41		Adjustments								
42		Adjusted Metered Revenues	\$ 1,571,783							
43										
44		Bill Count Rev. before Annualization	1,611,159							
45		Difference	(39,376)							
46		% Difference	-2.51%							
47		Tolerance (+/- 0.5%)	7,859							
48		Acceptable	Yes							

Avra Water Co-Op, Inc.
 Analysis of Revenue by Detailed Class
 Test Year Ended August 31, 2011

Line No.	Customer Classification and/or Meter Size	Average Number of Customers at 8/31/2011	Average Consumption	Present Rates	Average Bill Proposed Rates	Proposed Dollar Amount	Proposed Increase Percent Amount	Percent of Customers
1	5/8x3/4 Inch	2,401	9,221	48.68	52.41	3.73	7.65%	93.07%
2	5/8x3/4 Inch Multi-dwelling 2 units	119	15,076	76.59	84.87	8.28	10.81%	4.60%
3	5/8x3/4 Inch Multi-dwelling 3 units	5	17,130	95.65	106.69	11.04	11.54%	0.20%
4	3/4 Inch	26	7,746	59.48	61.96	2.48	4.16%	1.02%
5	3/4 Inch Multi-dwelling 7 units	1	75,885	355.72	439.62	83.90	23.59%	0.04%
6	1 Inch	20	12,966	99.26	111.19	11.93	12.02%	0.76%
7	1 1/2 Inch	2	9,080	162.80	169.79	6.99	4.29%	0.08%
8	2 Inch Meter	3	15,556	260.56	274.87	14.31	5.49%	0.12%
9	4 Inch	1	31,885	779.25	806.80	27.55	3.54%	0.04%
10	6 Inch	-	-	1,414.65	1,414.65	-	0.00%	0.00%
11								
12								
13	Construction/Standpipe	2	4,955	19.82	19.82	-	0.00%	0.07%
14								
15								
16								
17								
18	Totals	2,580						
19								
20	Actual Year End Number of Customers:	2,535						
21								
22								
23								
24								
25								

100.00%

Avra Water Co-Op, Inc.
 Analysis of Revenue by Detailed Class
 Test Year Ended August 31, 2011

Line No.	Customer Classification and/or Meter Size	Average Number of Customers at 8/31/2011	Median Bill		Proposed Increase		Percent of Customers
			Present Rates	Proposed Rates	Dollar Amount	Percent Amount	
1	5/8x3/4 Inch	2,401	40.39 \$	42.04 \$	1.65	4.09%	93.07%
2	5/8x3/4 Inch Multi-dwelling 2 units	119	65.84	70.55	4.71	7.15%	4.60%
3	5/8x3/4 Inch Multi-dwelling 3 units	5	91.73	100.60	8.87	9.67%	0.20%
4	3/4 Inch	26	54.54	56.19	1.65	3.03%	1.02%
5	3/4 Inch Multi-dwelling 7 units	1	364.76	453.14	88.38	24.23%	0.04%
6	1 Inch	20	87.23	94.13	6.90	7.91%	0.76%
7	1 1/2 Inch	2	154.39	158.62	4.23	2.74%	0.08%
8	2 Inch Meter	3	262.64	277.82	15.18	5.78%	0.12%
9	4 Inch	1	785.40	814.96	29.56	3.76%	0.04%
10	6 Inch	-	1,414.65	1,414.65	-	0.00%	0.00%
11							
12							
13	Construction/Standpipe	2	16.00 \$	16.00 \$	-	0.00%	0.07%
14							
15							
16							
17	Totals	2,580					100.00%
18							
19	Actual Year End Number of Customers:	2,535					
20							
21							
22							
23							
24							

Line No.	Monthly Usage Charge for: Meter Size (All Classes):	Present Rates	Proposed Rates	Change	Percent Change
1	5/8 Inch	\$ 28.29	\$ 28.29	\$ -	0.00%
2	3/4 Inch	42.44	42.44	-	0.00%
3	1 Inch	70.73	70.73	-	0.00%
4	1 1/2 Inch	141.46	141.46	-	0.00%
5	2 Inch	226.34	226.34	-	0.00%
6	3 Inch	452.69	452.69	-	0.00%
7	4 Inch	707.32	707.32	-	0.00%
8	6 Inch	1,414.65	1,414.65	-	0.00%
9					
10					
11	<u>Gallons In Minimum (All Classes)</u>	-	-	-	-
12					
13					
14	<u>Commodity Rates (All Classes):</u>				
15					
16					
17	5/8 Inch				
18					
19					
20					
21	1 gallon to 8,500 gallons	\$ 2.20	\$ 2.20	\$ -	0.00%
22	8,501 gallons to 16,500 gallons	\$ 2.35	\$ 2.35	\$ -	0.00%
23	over 16,500 gallons	\$ 2.50	\$ 2.50	\$ -	0.00%
24					
25	1 gallon to 7,500 gallons	\$ 2.50	\$ 2.50	\$ -	0.00%
26	7,501 gallons to 15,000 gallons	\$ 3.120	\$ 3.120	\$ -	0.00%
27	over 15,000 gallons	\$ 3.740	\$ 3.740	\$ -	0.00%
28					
29	3/4 Inch Meter				
30					
31					
32					
33	1 gallon to 7,500 gallons	\$ 2.50	\$ 2.50	\$ -	0.00%
34	7,501 gallons to 15,000 gallons	\$ 3.120	\$ 3.120	\$ -	0.00%
35	over 15,000 gallons	\$ 3.740	\$ 3.740	\$ -	0.00%
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NT = No Tariff

Line No.	Commodity Rates (All Classes)	Block	(Per 1,000 gallons)	
			Present Rate	Proposed Rate
1	1 Inch Meter	1 gallon to 20,000 gallons	\$ 2.20	\$ 3.120
2	1 Inch Meter	20,001 gallons to 40,000 gallons	\$ 2.35	\$ 3.740
3	1 Inch Meter	over 40,000 gallons	\$ 2.50	\$ 3.740
4	1.5 Inch Meter	1 gallon to 20,000 gallons	\$ 2.20	\$ 3.120
5	1.5 Inch Meter	20,001 gallons to 40,000 gallons	\$ 2.35	\$ 3.740
6	1.5 Inch Meter	over 40,000 gallons	\$ 2.50	\$ 3.740
7	2 Inch Meter	1 gallon to 20,000 gallons	\$ 2.20	\$ 3.120
8	2 Inch Meter	20,001 gallons to 40,000 gallons	\$ 2.35	\$ 3.740
9	2 Inch Meter	over 40,000 gallons	\$ 2.50	\$ 3.740
10	3 Inch Meter	1 gallon to 20,000 gallons	\$ 2.20	\$ 3.120
11	3 Inch Meter	20,001 gallons to 40,000 gallons	\$ 2.35	\$ 3.740
12	3 Inch Meter	over 40,000 gallons	\$ 2.50	\$ 3.740
13	4 Inch Meter	1 gallon to 20,000 gallons	\$ 2.20	\$ 3.120
14	4 Inch Meter	20,001 gallons to 40,000 gallons	\$ 2.35	\$ 3.740
15	4 Inch Meter	over 40,000 gallons	\$ 2.50	\$ 3.740
16				
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Avra Water Co-Op, Inc.
 Test Year Ended August 31, 2011
 Present and Proposed Rates

Line No.	Commodity Rates (All Classes)	Block	Present Rate (Per 1,000 gallons)	Proposed Rate
1				
2				
3	4 Inch Meter	1 gallon to 187,500 gallons over 187,500 gallons	\$ 3.120	\$ 3.740
4				
5				
6				
7	6 Inch Meter	1 gallon to 20,000 gallons 20,001 gallons to 40,000 gallons over 40,000 gallons	\$ 2.20 \$ 2.35 \$ 2.50	
8				
9				
10				
11	6 Inch Meter	1 gallon to 375,000 gallons over 375,000 gallons	\$ 3.120	\$ 3.740
12				
13				
14				
15	Construction/Standpipe	All gallons	\$ 4.00	\$ 4.000
16				
17				
18				
19				
20				
21				
22				
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Avra Water Co-Op, Inc.
Present and Proposed Rates
Test Year Ended August 31, 2011

Exhibit
Rebuttal Schedule H-3
Page 4
Witness: Bourassa

Line No.		Total Present Charge	Proposed Service Line Chg	Proposed Meter Install Chg	Total Proposed Charge
1	<u>Meter and Service Line Charges</u>				
2					
3					
4					
5	5/8 x 3/4 Inch	\$ 410.00	\$ 290.00	\$ 120.00	\$ 410.00
6	3/4 Inch	455.00	290.00	165.00	455.00
7	1 Inch	520.00	205.00	315.00	520.00
8	1 1/2 Inch	740.00	330.00	410.00	740.00
9	2 Inch Turbo	1,235.00	355.00	880.00	1,235.00
10	2 Inch, Compound	1,800.00	355.00	1,445.00	1,800.00
11	3 Inch Turbo	1,705.00	395.00	1,310.00	1,705.00
12	3 Inch, compound	2,340.00	395.00	1,945.00	2,340.00
13	4 Inch Turbo	2,700.00	610.00	2,090.00	2,700.00
14	4 Inch, compound	3,405.00	610.00	2,795.00	3,405.00
15	6 Inch Turbo	5,035.00	890.00	4,145.00	5,035.00
16	6 Inch, compound	6,510.00	890.00	5,620.00	6,510.00
17					
18	<u>Other Service Charges:</u>				
19					
20	Establishment	\$ 25.00	\$ 25.00		
21	Establishment (After Hours)	\$ 50.00	removed		
22	Reconnection (Delinquent)	\$ 50.00	\$ 50.00		
23	Reconnection (After hours)	\$ 75.00	removed		
24	Meter Test (calibration or leak detection)	\$ 50.00	removed		
25	Water Test - Remove & Test Meter (Customer Request)	\$ 35.00	removed		
26	Meter Test (if correct)	NT	\$ 40.00		
27	Deposit Requirement	(a)	(a)		
28	Deposit Interest	6.00%	6.00%		
29	Re-establishment (Within 12 months)	(b)	(b)		
30	NSF Check	\$ 25.00	\$ 25.00		
31	Deferred Payment, per month	1.50%	1.50%		
32	Meter Re-read (if correct)	\$ -	\$ -		
33	Late Charge	(c)	(c)		
34	Hourly Charge for after hours service	Cost	removed		
35	Service Charge for after hours service	NT	\$ 50.00		
36	Water line crossing paved road	(d)	(d)		
37	Charges for emergency service not caused by Company	Cost	Cost		
38	Line Extension Agreement	Cost	Cost		
39	Sprinkler rate	(e)	(e)		
40	Master Metering	(f)	(f)		
41	Meter installation tampering (cutting lock or angle meter stops)	Cost	Cost		
42					
43					
44	(a) Per Rule R14-2-403.B.				
45	(b) Per Rule R14-2-403.D. Monthly minimum times the number of months off system.				
46	(c) Creator of \$5.00 or 1.5% of unpaid balance.				
47	(d) Customer expense to be done by contractor with no responsibility to the Co-Op.				
48	(e) 1% of monthly minimum for a comparable meter connection, but no less than \$7.00 per month.				
49	(f) Multiple dwelling on one meter. All dwellings, beyond direct connection which cross property lines, will				
50	be charged 100% of monthly minimum, and/or are required to have their own meter. If meter services more				
51	than one dwelling on property, second and each additional connection each pay 50% of monthly minimum				
52	for the size meter. Responsibility for payment remains with the master meter customer.				

Avra Water Co-Op, Inc.
Present and Proposed Rates
Test Year Ended August 31, 2011

Exhibit
Rebuttal Schedule H-3
Page 4
Witness: Bourassa

Line
No.

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Offsite Hook-up Charges

<u>Meter Size</u>	<u>NARUC Meter Factor</u>	<u>Present</u>	<u>Proposed</u>
5/8 x 3/4 Inch	1	\$ 1,875	\$ 1,875
3/4 Inch	1.2	\$ 2,250	\$ 2,250
1 Inch	2	\$ 3,750	\$ 3,750
1.5 Inch	4	\$ 7,500	\$ 7,500
2 Inch	6.4	\$ 12,000	\$ 12,000
3 Inch	12	\$ 22,500	\$ 22,500
4 Inch	20	\$ 37,500	\$ 37,500
6 Inch or larger	40	\$ 75,000	\$ 75,000

Avra Water Co-Op, Inc.
 Bill Comparison of Present and Proposed Rates
 5/8x3/4 Inch Meter
 Customer Classification
 Test Year Ended August 31, 2011
 (Excludes all Revenue Related Taxes)

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	\$ 28.29	\$ 28.29	\$ -	0.00%
1,000	30.49	30.79	0.30	0.98%
2,000	32.69	33.29	0.60	1.84%
3,000	34.89	35.79	0.90	2.58%
4,000	37.09	38.29	1.20	3.24%
5,000	39.29	40.79	1.50	3.82%
6,000	41.49	43.29	1.80	4.34%
7,000	43.69	45.79	2.10	4.81%
8,000	45.89	48.60	2.71	5.91%
9,000	48.17	51.72	3.55	7.38%
10,000	50.52	54.84	4.33	8.56%
12,000	55.22	61.08	5.86	10.62%
14,000	59.92	67.32	7.40	12.36%
16,000	64.62	74.18	9.57	14.80%
18,000	69.54	81.66	12.12	17.43%
20,000	74.54	89.14	14.60	19.59%
25,000	87.04	107.84	20.80	23.90%
30,000	99.54	126.54	27.00	27.12%
35,000	112.04	145.24	33.20	29.63%
40,000	124.54	163.94	39.40	31.64%
45,000	137.04	182.64	45.60	33.27%
50,000	149.54	201.34	51.80	34.64%
60,000	174.54	238.74	64.20	36.78%
70,000	199.54	276.14	76.60	38.39%
80,000	224.54	313.54	89.00	39.64%
90,000	249.54	350.94	101.40	40.63%
100,000	274.54	388.34	113.80	41.45%
Average Usage 9,221	\$ 48.68	\$ 52.41	\$ 3.73	7.65%
Median Usage 5,500	\$ 40.39	\$ 42.04	\$ 1.65	4.09%

Present Rates:
 Monthly Minimum: \$ 28.29
 Gallons in Minimum -
 Charge Per 1,000 Gallons
 Up to 8,500 \$ 2.20
 Over 16,500 \$ 2.35
 Over 16,500 \$ 2.50

Proposed Rates:
 Monthly Minimum: \$ 28.29
 Gallons in Minimum -
 Charge Per 1,000 Gallons
 Up to 7,500 \$ 2.50
 Up to 15,000 \$ 3.12
 Over 15,000 \$ 3.74

Avra Water Co-Op, Inc.
 Bill Comparison of Present and Proposed Rates
 5/8x3/4 Inch Meter (Multi-Dwelling 2 units)
 Customer Classification
 Test Year Ended August 31, 2011
 (Excludes all Revenue Related Taxes)

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase	Present Rates:
-	\$ 42.44	\$ 42.44	\$ -	0.00%	Monthly Minimum:
1,000	44.64	44.94	0.30	0.67%	Gallons in Minimum
2,000	46.84	47.44	0.60	1.28%	Charge Per 1,000 Gallons
3,000	49.04	49.94	0.90	1.84%	Up to 8,500
4,000	51.24	52.44	1.20	2.34%	Over 16,500
5,000	53.44	54.94	1.50	2.81%	Over 16,500
6,000	55.64	57.44	1.80	3.24%	
7,000	57.84	59.94	2.10	3.63%	
8,000	60.04	62.75	2.71	4.51%	
9,000	62.31	65.87	3.56	5.71%	
10,000	64.66	68.99	4.33	6.69%	
12,000	69.36	75.23	5.86	8.46%	
14,000	74.06	81.47	7.41	10.00%	
16,000	78.76	88.33	9.57	12.14%	
18,000	83.69	95.81	12.12	14.48%	
20,000	88.69	103.29	14.60	16.46%	
25,000	101.19	121.99	20.80	20.56%	
30,000	113.69	140.69	27.00	23.75%	
35,000	126.19	159.39	33.20	26.31%	
40,000	138.69	178.09	39.40	28.41%	
45,000	151.19	196.79	45.60	30.16%	
50,000	163.69	215.49	51.80	31.65%	
60,000	188.69	252.89	64.20	34.02%	
70,000	213.69	290.29	76.60	35.85%	
80,000	238.69	327.69	89.00	37.29%	
90,000	263.69	365.09	101.40	38.45%	
100,000	288.69	402.49	113.80	39.42%	
Average Usage	76.59	84.87	8.28	10.81%	
15,076	\$	\$	\$		
Median Usage	65.84	70.55	4.71	7.15%	
10,500	\$	\$	\$		

Proposed Rates:
 Monthly Minimum:
 Gallons in Minimum
 Charge Per 1,000 Gallons
 Up to 8,500 \$ 2.20
 Over 16,500 \$ 2.35
 Over 16,500 \$ 2.50

Proposed Rates:
 Monthly Minimum:
 Gallons in Minimum
 Charge Per 1,000 Gallons
 Up to 7,500 \$ 2.50
 Up to 15,000 \$ 3.12
 Over 15,000 \$ 3.74

Avra Water Co-Op, Inc.
 Bill Comparison of Present and Proposed Rates
 5/8x3/4 Inch Meter (Multi-Dwelling 3 units)
 Test Year Ended August 31, 2011
 (Excludes all Revenue Related Taxes)

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase	
-	\$ 56.58	\$ 56.58	\$ -	0.00%	
1,000	58.78	59.08	0.30	0.51%	
2,000	60.98	61.58	0.60	0.98%	
3,000	63.18	64.08	0.90	1.42%	
4,000	65.38	66.58	1.20	1.84%	
5,000	67.58	69.08	1.50	2.22%	
6,000	69.78	71.58	1.80	2.58%	
7,000	71.98	74.08	2.10	2.92%	
8,000	74.18	76.89	2.71	3.65%	
9,000	76.46	80.01	3.55	4.65%	
10,000	78.81	83.13	4.32	5.49%	
12,000	83.51	89.37	5.87	7.02%	
14,000	88.21	95.61	7.41	8.40%	
16,000	92.91	102.47	9.57	10.30%	
18,000	97.83	109.95	12.12	12.39%	
20,000	102.83	117.43	14.60	14.20%	
25,000	115.33	136.13	20.80	18.04%	
30,000	127.83	154.83	27.00	21.12%	
35,000	140.33	173.53	33.20	23.66%	
40,000	152.83	192.23	39.40	25.78%	
45,000	165.33	210.93	45.60	27.58%	
50,000	177.83	229.63	51.80	29.13%	
60,000	202.83	267.03	64.20	31.65%	
70,000	227.83	304.43	76.60	33.62%	
80,000	252.83	341.83	89.00	35.20%	
90,000	277.83	379.23	101.40	36.50%	
100,000	302.83	416.63	113.80	37.58%	
Average Usage	17,130	\$ 95.65	\$ 106.69	\$ 11.04	11.54%
Median Usage	15,500	\$ 91.73	\$ 100.60	\$ 8.87	9.67%

Present Rates:
 Monthly Minimum: \$ 56.58
 Gallons in Minimum Charge Per 1,000 Gallons -
 Up to 8,500 \$ 2.20
 Over 16,500 \$ 2.35
 Over 16,500 \$ 2.50

Proposed Rates:
 Monthly Minimum: \$ 56.58
 Gallons in Minimum Charge Per 1,000 Gallons -
 Up to 7,500 \$ 2.50
 Up to 15,000 \$ 3.12
 Over 15,000 \$ 3.74

Avra Water Co-Op, Inc.
 Bill Comparison of Present and Proposed Rates
 Customer Classification 3/4 Inch Meter
 Test Year Ended August 31, 2011
 (Excludes all Revenue Related Taxes)

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase	Present Rates: Monthly Minimum: Gallons in Minimum Charge Per 1,000 Gallons
-	\$ 42.44	\$ 42.44	\$ -	0.00%	Up to 8,500 \$ 2.20
1,000	44.64	44.94	0.30	0.67%	Up to 16,500 \$ 2.35
2,000	46.84	47.44	0.60	1.28%	Over 16,500 \$ 2.50
3,000	49.04	49.94	0.90	1.84%	
4,000	51.24	52.44	1.20	2.34%	
5,000	53.44	54.94	1.50	2.81%	
6,000	55.64	57.44	1.80	3.24%	
7,000	57.84	59.94	2.10	3.63%	
8,000	60.04	62.75	2.71	4.51%	
9,000	62.32	65.87	3.56	5.70%	
10,000	64.67	68.99	4.33	6.69%	
12,000	69.37	75.23	5.86	8.46%	
14,000	74.07	81.47	7.41	10.00%	
16,000	78.77	88.33	9.57	12.14%	
18,000	83.69	95.81	12.12	14.48%	
20,000	88.69	103.29	14.60	16.46%	
25,000	101.19	121.99	20.80	20.56%	
30,000	113.69	140.69	27.00	23.75%	
35,000	126.19	159.39	33.20	26.31%	
40,000	138.69	178.09	39.40	28.41%	
45,000	151.19	196.79	45.60	30.16%	
50,000	163.69	215.49	51.80	31.65%	
60,000	188.69	252.89	64.20	34.02%	
70,000	213.69	290.29	76.60	35.85%	
80,000	238.69	327.69	89.00	37.29%	
90,000	263.69	365.09	101.40	38.45%	
100,000	288.69	402.49	113.80	39.42%	
Average Usage 7,746	\$ 59.48	\$ 61.96	\$ 2.48	4.16%	
Median Usage 5,500	\$ 54.54	\$ 56.19	\$ 1.65	3.03%	

Proposed Rates:
 Monthly Minimum: Gallons in Minimum Charge Per 1,000 Gallons
 Up to 7,500 \$ 2.50
 Up to 15,000 \$ 3.12
 Over 15,000 \$ 3.74

Avra Water Co-Op, Inc.
 Bill Comparison of Present and Proposed Rates
 3/4 Inch Meter (Multi-Dwelling 7 Units)
 Customer Classification
 Test Year Ended August 31, 2011
 (Excludes all Revenue Related Taxes)

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	\$ 169.76	\$ 169.76	\$ -	0.00%
1,000	171.96	172.26	0.30	0.17%
2,000	174.16	174.76	0.60	0.34%
3,000	176.36	177.26	0.90	0.51%
4,000	178.56	179.76	1.20	0.67%
5,000	180.76	182.26	1.50	0.83%
6,000	182.96	184.76	1.80	0.98%
7,000	185.16	187.26	2.10	1.13%
8,000	187.36	190.07	2.71	1.45%
9,000	189.64	193.19	3.56	1.87%
10,000	191.99	196.31	4.32	2.25%
12,000	196.69	202.55	5.86	2.98%
14,000	201.39	208.79	7.41	3.68%
16,000	206.09	215.65	9.57	4.64%
18,000	211.01	223.13	12.12	5.74%
20,000	216.01	230.61	14.60	6.76%
25,000	228.51	249.31	20.80	9.10%
30,000	241.01	268.01	27.00	11.20%
35,000	253.51	286.71	33.20	13.10%
40,000	266.01	305.41	39.40	14.81%
45,000	278.51	324.11	45.60	16.37%
50,000	291.01	342.81	51.80	17.80%
60,000	316.01	380.21	64.20	20.32%
70,000	341.01	417.61	76.60	22.46%
80,000	366.01	455.01	89.00	24.32%
90,000	391.01	492.41	101.40	25.93%
100,000	416.01	529.81	113.80	27.36%
Average Usage	\$ 355.72	\$ 439.62	\$ 83.90	23.59%
Median Usage	\$ 364.76	\$ 453.14	\$ 88.38	24.23%

Present Rates:
 Monthly Minimum:
 Gallons in Minimum
 Charge Per 1,000 Gallons
 Up to 8,500 \$ 2.20
 Up to 16,500 \$ 2.35
 Over 16,500 \$ 2.50

Proposed Rates:
 Monthly Minimum:
 Gallons in Minimum
 Charge Per 1,000 Gallons
 Up to 7,500 \$ 2.50
 Up to 15,000 \$ 3.12
 Over 15,000 \$ 3.74

Avra Water Co-Op, Inc.
 Bill Comparison of Present and Proposed Rates
 Customer Classification 1 Inch Meter
 Test Year Ended August 31, 2011
 (Excludes all Revenue Related Taxes)

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	\$ 70.73	\$ 70.73	\$ -	0.00%
1,000	72.93	73.85	0.92	1.26%
2,000	75.13	76.97	1.84	2.45%
3,000	77.33	80.09	2.76	3.57%
4,000	79.53	83.21	3.68	4.63%
5,000	81.73	86.33	4.60	5.63%
6,000	83.93	89.45	5.52	6.58%
7,000	86.13	92.57	6.44	7.48%
8,000	88.33	95.69	7.36	8.33%
9,000	90.53	98.81	8.28	9.15%
10,000	92.73	101.93	9.20	9.92%
12,000	97.13	108.17	11.04	11.37%
14,000	101.53	114.41	12.88	12.69%
16,000	105.93	120.65	14.72	13.90%
18,000	110.33	126.89	16.56	15.01%
20,000	114.73	133.91	19.18	16.71%
25,000	126.48	152.61	26.13	20.66%
30,000	138.23	171.31	33.08	23.93%
35,000	149.98	190.01	40.03	26.69%
40,000	161.73	208.71	46.98	29.05%
45,000	174.23	227.41	53.18	30.52%
50,000	186.73	246.11	59.38	31.80%
60,000	211.73	283.51	71.78	33.90%
70,000	236.73	320.91	84.18	35.56%
80,000	261.73	358.31	96.58	36.90%
90,000	286.73	395.71	108.98	38.01%
100,000	311.73	433.11	121.38	38.94%
Average Usage 12,966	\$ 99.26	\$ 111.19	\$ 11.93	12.02%
Median Usage 7,500	\$ 87.23	\$ 94.13	\$ 6.90	7.91%

Present Rates:
 Monthly Minimum: \$ 70.73
 Gallons in Minimum -
 Charge Per 1,000 Gallons
 Up to 20,000 \$ 2.20
 Up to 40,000 \$ 2.35
 Over 40,000 \$ 2.50

Proposed Rates:
 Monthly Minimum: \$ 70.73
 Gallons in Minimum -
 Charge Per 1,000 Gallons
 Up to 18,750 \$ 3.12
 Over 18,750 \$ 3.74

Avra Water Co-Op, Inc.
 Bill Comparison of Present and Proposed Rates
 1 1/2 Inch Meter
 Customer Classification
 Test Year Ended August 31, 2011

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase	
-	\$ 141.46	\$ 141.46	\$ -	0.00%	
1,000	143.81	144.58	0.77	0.54%	
2,000	146.16	147.70	1.54	1.05%	
3,000	148.51	150.82	2.31	1.56%	
4,000	150.86	153.94	3.08	2.04%	
5,000	153.21	157.06	3.85	2.51%	
6,000	155.56	160.18	4.62	2.97%	
7,000	157.91	163.30	5.39	3.41%	
8,000	160.26	166.42	6.16	3.84%	
9,000	162.61	169.54	6.93	4.26%	
10,000	164.96	172.66	7.70	4.67%	
12,000	169.66	178.90	9.24	5.45%	
14,000	174.36	185.14	10.78	6.18%	
16,000	179.06	191.38	12.32	6.88%	
18,000	183.76	197.62	13.86	7.54%	
20,000	188.46	203.86	15.40	8.17%	
25,000	200.96	219.46	18.50	9.21%	
30,000	213.46	235.06	21.60	10.12%	
35,000	225.96	250.66	24.70	10.93%	
40,000	238.46	267.81	29.35	12.31%	
45,000	274.01	286.51	12.50	4.56%	
50,000	309.56	305.21	(4.35)	-1.41%	
60,000	380.66	342.61	(38.05)	-10.00%	
70,000	451.76	380.01	(71.75)	-15.88%	
80,000	522.86	417.41	(105.45)	-20.17%	
90,000	593.96	454.81	(139.15)	-23.43%	
100,000	665.06	492.21	(172.85)	-25.99%	
Average Usage	9,080	\$ 162.80	\$ 169.79	\$ 6.99	4.29%
Median Usage	5,500	\$ 154.39	\$ 158.62	\$ 4.23	2.74%

Present Rates:
 Monthly Minimum: \$ 141.46
 Gallons in Minimum -
 Charge Per 1,000 Gallons
 Up to 20,000 \$ 2.35
 Up to 40,000 \$ 2.50
 Over 40,000

Proposed Rates:
 Monthly Minimum: \$ 141.46
 Gallons in Minimum -
 Charge Per 1,000 Gallons
 Up to 37,500 \$ 3.12
 Over 37,500 \$ 3.74

Avra Water Co-Op, Inc.
 Bill Comparison of Present and Proposed Rates
 2 Inch Meter
 Customer Classification
 Test Year Ended August 31, 2011

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	\$ 226.34	\$ 226.34	\$ -	0.00%
1,000	228.54	229.46	0.92	0.40%
2,000	230.74	232.58	1.84	0.80%
3,000	232.94	235.70	2.76	1.18%
4,000	235.14	238.82	3.68	1.57%
5,000	237.34	241.94	4.60	1.94%
6,000	239.54	245.06	5.52	2.30%
7,000	241.74	248.18	6.44	2.66%
8,000	243.94	251.30	7.36	3.02%
9,000	246.14	254.42	8.28	3.36%
10,000	248.34	257.54	9.20	3.70%
12,000	252.74	263.78	11.04	4.37%
14,000	257.14	270.02	12.88	5.01%
16,000	261.54	276.26	14.72	5.63%
18,000	265.94	282.50	16.56	6.23%
20,000	270.34	288.74	18.40	6.81%
25,000	282.09	304.34	22.25	7.89%
30,000	293.84	319.94	26.10	8.88%
35,000	305.59	335.54	29.95	9.80%
40,000	317.34	351.14	33.80	10.65%
45,000	329.84	366.74	36.90	11.19%
50,000	342.34	382.34	40.00	11.68%
60,000	367.34	413.54	46.20	12.58%
70,000	392.34	450.94	58.60	14.94%
80,000	417.34	488.34	71.00	17.01%
90,000	442.34	525.74	83.40	18.85%
100,000	467.34	563.14	95.80	20.50%
Average Usage	\$ 260.56	\$ 274.87	\$ 14.31	5.49%
Median Usage	\$ 262.64	\$ 277.82	\$ 15.18	5.78%

Present Rates:
 Monthly Minimum: \$ 226.34
 Gallons in Minimum -
 Charge Per 1,000 Gallons
 Up to 20,000 \$ 2.20
 Up to 40,000 \$ 2.35
 Over 40,000 \$ 2.50

Proposed Rates:
 Monthly Minimum: \$ 226.34
 Gallons in Minimum -
 Charge Per 1,000 Gallons
 Up to 60,000 \$ 3.12
 Over 60,000 \$ 3.74

Avra Water Co-Op, Inc.
 Bill Comparison of Present and Proposed Rates
 4 Inch Meter
 Customer Classification
 Test Year Ended August 31, 2011

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase	
-	\$ 707.32	\$ 707.32	\$ -	0.00%	
1,000	709.52	710.44	0.92	0.13%	
2,000	711.72	713.56	1.84	0.26%	
3,000	713.92	716.68	2.76	0.39%	
4,000	716.12	719.80	3.68	0.51%	
5,000	718.32	722.92	4.60	0.64%	
6,000	720.52	726.04	5.52	0.77%	
7,000	722.72	729.16	6.44	0.89%	
8,000	724.92	732.28	7.36	1.02%	
9,000	727.12	735.40	8.28	1.14%	
10,000	729.32	738.52	9.20	1.26%	
12,000	733.72	744.76	11.04	1.50%	
14,000	738.12	751.00	12.88	1.74%	
16,000	742.52	757.24	14.72	1.98%	
18,000	746.92	763.48	16.56	2.22%	
20,000	751.32	769.72	18.40	2.45%	
25,000	763.07	785.32	22.25	2.92%	
30,000	774.82	800.92	26.10	3.37%	
35,000	786.57	816.52	29.95	3.81%	
40,000	798.32	832.12	33.80	4.23%	
45,000	810.82	847.72	36.90	4.55%	
50,000	823.32	863.32	40.00	4.86%	
60,000	848.32	894.52	46.20	5.45%	
70,000	873.32	925.72	52.40	6.00%	
80,000	898.32	956.92	58.60	6.52%	
90,000	923.32	988.12	64.80	7.02%	
100,000	948.32	1,019.32	71.00	7.49%	
Average Usage	31,885	\$ 779.25	\$ 806.80	\$ 27.55	3.54%
Median Usage	34,500	\$ 785.40	\$ 814.96	\$ 29.56	3.76%

Present Rates:
 Monthly Minimum: \$ 707.32
 Gallons in Minimum -
 Charge Per 1,000 Gallons
 Up to 20,000 \$ 2.20
 Up to 40,000 \$ 2.35
 Over 40,000 \$ 2.50

Proposed Rates:
 Monthly Minimum: \$ 707.32
 Gallons in Minimum -
 Charge Per 1,000 Gallons
 Up to 187,500 \$ 3.12
 Over 187,500 \$ 3.74

Avra Water Co-Op, Inc.
 Bill Comparison of Present and Proposed Rates
 Customer Classification 6 Inch Meter
 Test Year Ended August 31, 2011

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
-	\$ 1,414.65	\$1,414.65	\$ -	0.00%
1,000	1,416.85	1,417.77	\$ 0.92	0.06%
2,000	1,419.05	1,420.89	\$ 1.84	0.13%
3,000	1,421.25	1,424.01	\$ 2.76	0.19%
4,000	1,423.45	1,427.13	\$ 3.68	0.26%
5,000	1,425.65	1,430.25	\$ 4.60	0.32%
6,000	1,427.85	1,433.37	\$ 5.52	0.39%
7,000	1,430.05	1,436.49	\$ 6.44	0.45%
8,000	1,432.25	1,439.61	\$ 7.36	0.51%
9,000	1,434.45	1,442.73	\$ 8.28	0.58%
10,000	1,436.65	1,445.85	\$ 9.20	0.64%
12,000	1,441.05	1,452.09	\$ 11.04	0.77%
14,000	1,445.45	1,458.33	\$ 12.88	0.89%
16,000	1,449.85	1,464.57	\$ 14.72	1.02%
18,000	1,454.25	1,470.81	\$ 16.56	1.14%
20,000	1,458.65	1,477.05	\$ 18.40	1.26%
25,000	1,470.40	1,492.65	\$ 22.25	1.51%
30,000	1,482.15	1,508.25	\$ 26.10	1.76%
35,000	1,493.90	1,523.85	\$ 29.95	2.00%
40,000	1,505.65	1,539.45	\$ 33.80	2.24%
45,000	1,518.15	1,555.05	\$ 36.90	2.43%
50,000	1,530.65	1,570.65	\$ 40.00	2.61%
60,000	1,555.65	1,601.85	\$ 46.20	2.97%
70,000	1,580.65	1,633.05	\$ 52.40	3.32%
80,000	1,605.65	1,664.25	\$ 58.60	3.65%
90,000	1,630.65	1,695.45	\$ 64.80	3.97%
100,000	1,655.65	1,726.65	\$ 71.00	4.29%
Average Usage	\$ 1,414.65	\$1,414.65	\$ -	0.00%
Median Usage	\$ 1,414.65	\$1,414.65	\$ -	0.00%

Present Rates:
 Monthly Minimum: \$ 1,414.65
 Gallons in Minimum -
 Charge Per 1,000 Gallons
 Up to 20,000 \$ 2.20
 Up to 40,000 \$ 2.35
 Over 40,000 \$ 2.50

Proposed Rates:
 Monthly Minimum: \$ 1,414.65
 Gallons in Minimum -
 Charge Per 1,000 Gallons
 Up to 375,000 \$ 3.12
 Over 375,000 \$ 3.74

Usage	Present Bill	Proposed Bill	Dollar Increase	Percent Increase
1,000	4.00	4.00	-	0.00%
2,000	8.00	8.00	-	0.00%
3,000	12.00	12.00	-	0.00%
4,000	16.00	16.00	-	0.00%
5,000	20.00	20.00	-	0.00%
6,000	24.00	24.00	-	0.00%
7,000	28.00	28.00	-	0.00%
8,000	32.00	32.00	-	0.00%
9,000	36.00	36.00	-	0.00%
10,000	40.00	40.00	-	0.00%
12,000	48.00	48.00	-	0.00%
14,000	56.00	56.00	-	0.00%
16,000	64.00	64.00	-	0.00%
18,000	72.00	72.00	-	0.00%
20,000	80.00	80.00	-	0.00%
25,000	100.00	100.00	-	0.00%
30,000	120.00	120.00	-	0.00%
35,000	140.00	140.00	-	0.00%
40,000	160.00	160.00	-	0.00%
45,000	180.00	180.00	-	0.00%
50,000	200.00	200.00	-	0.00%
60,000	240.00	240.00	-	0.00%
70,000	280.00	280.00	-	0.00%
80,000	320.00	320.00	-	0.00%
90,000	360.00	360.00	-	0.00%
100,000	400.00	400.00	-	0.00%
Average Usage	19.82	19.82	\$ -	0.00%
Median Usage	16.00	16.00	\$ -	0.00%

Present Rates:
 Monthly Minimum: \$ -
 Gallons in Minimum: -
 Charge Per 1,000 Gallons: 4.00
 All Gallons: \$ 4.00

Proposed Rates:
 Monthly Minimum: \$ -
 Gallons in Minimum: -
 Charge Per 1,000 Gallons: 4.00
 All Gallons: \$ 4.00

**Avra Water Co-Op, Inc.
Docket No. W-02126A-11-0480**

**THOMAS J. BOURASSA
REBUTTAL TESTIMONY
(RATE BASE, INCOME STATEMENT, RATE DESIGN)**

September 24, 2012

EXHIBIT TJB-RB-1

Avra Water Co-Op, Inc.
Customer Count Summary
Test Year Ended August 31, 2011

Meter Size	Classification	Month of Sep	Month of Oct	Month of Nov	Month of Dec	Month of Jan	Month of Feb	Month of Mar
5/8x3/4 Inch		2,357	2,350	2,361	2,342	2,349	2,352	2,364
5/8x3/4 Inch	Multi-dwelling 2 units	109	117	116	116	115	116	114
5/8x3/4 Inch	Multi-dwelling 3 units	5	5	5	5	5	5	5
3/4 Inch		26	26	25	25	25	25	25
3/4 Inch	Multi-dwelling 7 units	1	1	1	1	1	1	1
1 Inch		17	17	18	18	18	18	19
1 1/2 Inch		2	2	2	2	2	2	2
2 Inch Meter		3	3	3	3	3	3	3
4 Inch		1	1	1	1	1	1	1
6 Inch		-	-	-	-	-	-	-
Construction/Standpipe		-	1	1	2	2	2	2
Totals		2,521	2,523	2,533	2,515	2,521	2,525	2,536

Meter Classification	Month of Apr	Month of May	Month of Jun	Month of Jul	Month of Aug	Month from Beginning of Year to	Revenues Annualized
5/8x3/4 Inch	2,356	2,357	2,913	2,352	2,362	5	YES
5/8x3/4 Inch	114	115	161	115	115	6	YES
5/8x3/4 Inch	5	5	7	5	5	-	YES
3/4 Inch	25	25	38	25	25	(1)	YES
3/4 Inch	1	1	2	1	1	-	YES
1 Inch	19	20	31	20	20	3	YES
1 1/2 Inch	2	2	3	2	2	-	YES
2 Inch Meter	3	3	3	3	3	-	YES
4 Inch	1	1	2	1	1	-	YES
6 Inch	-	-	-	-	-	-	YES
Construction/Standpipe	3	3	3	2	1	1	NO
Totals	2,529	2,532	3,163	2,526	2,535	14	

Avra Water Co-Op, Inc.
Revenue Summary by Month
Test Year Ended August 31, 2011

Meter Size	Classification	Month of Sep	Month of Oct	Month of Nov	Month of Dec	Month of Jan	Month of Feb	Month of Mar
5/8x3/4 Inch		121,721	117,610	112,659	106,133	101,183	106,970	103,530
5/8x3/4 Inch	Multi-dwelling 2	9,080	9,407	8,704	8,208	7,484	8,029	7,466
5/8x3/4 Inch	Multi-dwelling 3	479	502	495	478	460	477	458
3/4 Inch		1,485	1,436	1,483	1,414	1,374	1,406	1,368
3/4 Inch		395	375	355	365	297	352	292
1 Inch		1,707	1,744	1,823	1,685	1,568	1,661	1,695
1 1/2 Inch		344	328	316	328	323	330	321
2 Inch Meter		756	762	757	753	759	766	749
4 Inch		825	797	790	800	757	807	785
6 Inch		-	-	-	-	-	-	-
Standpipe		-	6	2	4	20	32	32
Actual Gallons Sold		136,792	132,966	127,384	120,167	114,226	120,830	116,697

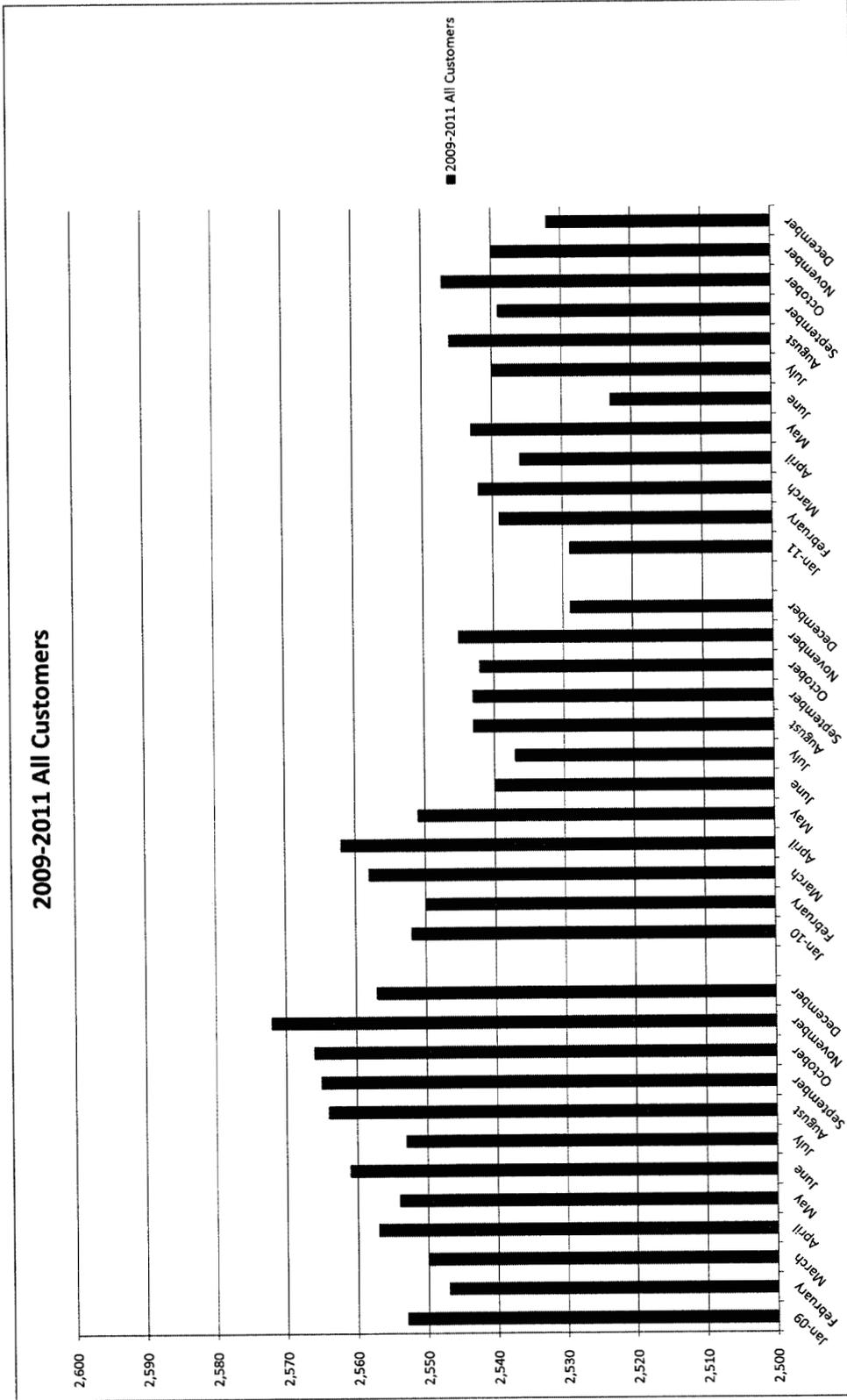
Meter Classification	Month of Apr	Month of May	Month of Jun	Month of Jul	Month of Aug	Total Year	Percent of Total Water Usage
5/8x3/4 Inch	111,132	119,961	170,426	129,165	123,182	1,423,672	88.36%
5/8x3/4 Inch	8,217	9,156	14,676	10,094	9,883	110,405	6.85%
5/8x3/4 Inch	479	457	700	493	474	5,953	0.37%
3/4 Inch	1,475	1,476	2,636	1,750	1,611	18,913	1.17%
3/4 Inch	320	352	762	380	380	4,624	0.29%
1 Inch	1,966	2,050	3,441	2,112	2,098	23,548	1.46%
1 1/2 Inch	321	325	482	319	335	4,070	0.25%
2 Inch Meter	746	795	851	916	787	9,396	0.58%
4 Inch	774	835	1,486	713	771	10,140	0.63%
6 Inch	-	-	-	-	-	-	0.00%
Standpipe	126	94	66	24	30	436	0.03%
Total Water Actually Sold		125,555	135,500	195,526	145,966	1,611,159	100.00%

**Avra Water Co-Op, Inc.
Docket No. W-02126A-11-0480**

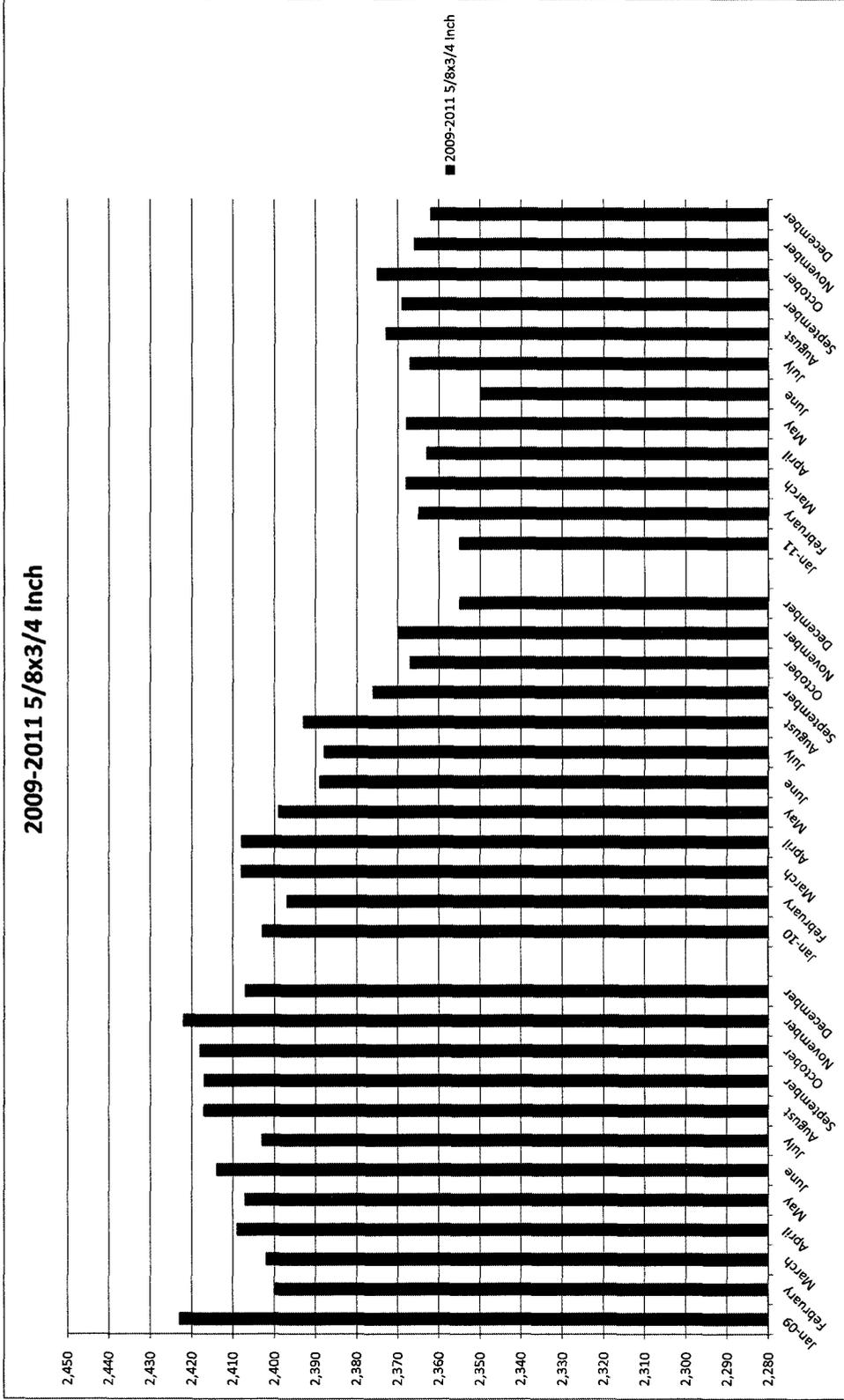
**THOMAS J. BOURASSA
REBUTTAL TESTIMONY
(RATE BASE, INCOME STATEMENT, RATE DESIGN)**

September 24, 2012

EXHIBIT TJB-RB-2

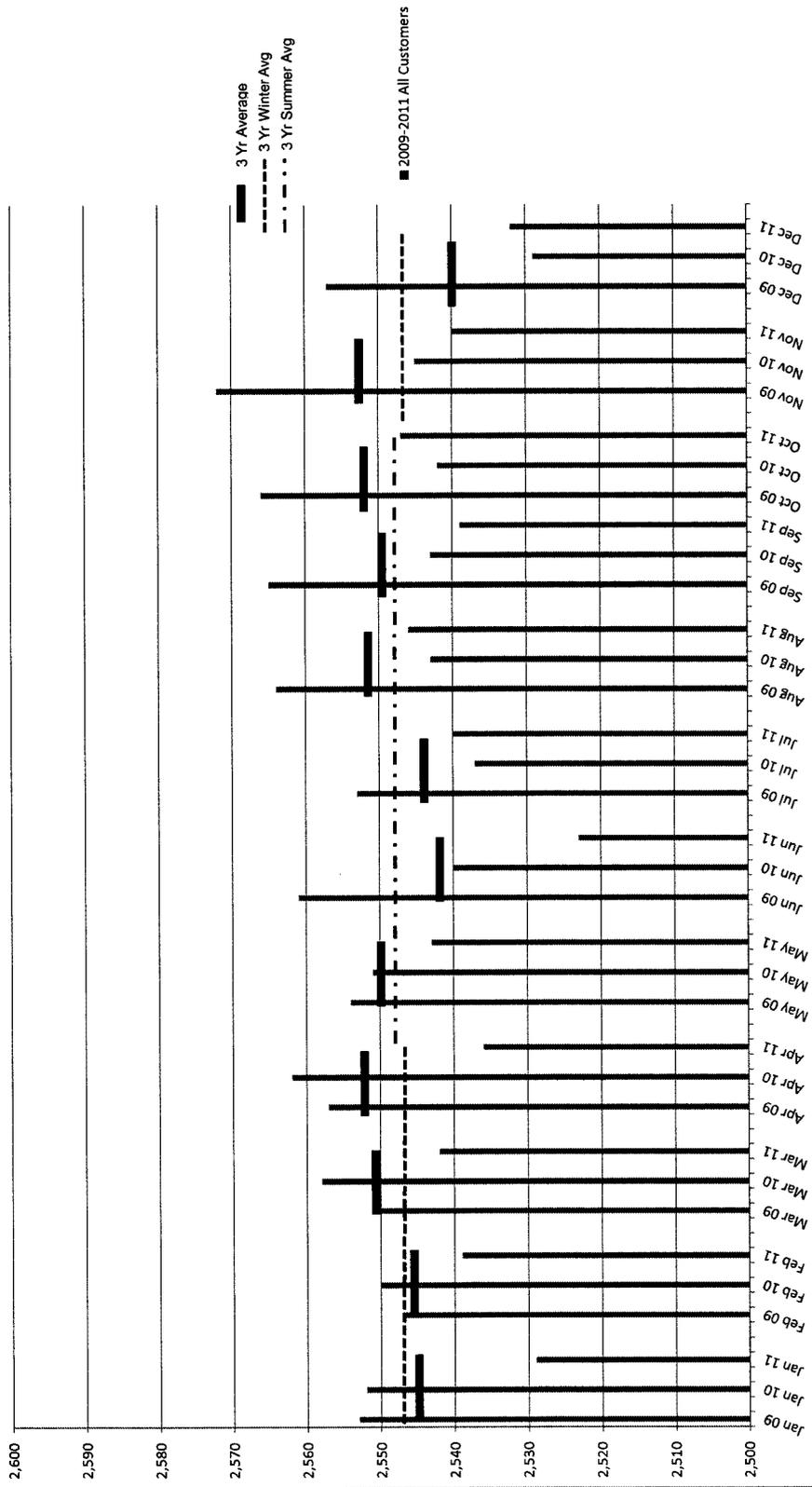


Year	Average monthly for year	Maximum Month	Minimum Month	Difference	% Variance
2009	2,558	August	February	25	0.98%
2010	2,546	November	July	33	1.30%
2011	2,538	August	December	24	0.95%



Year	Average monthly for year	Maximum Month	Minimum Month	Difference	% Variance
2009	2,412	October	February	23	0.95%
2010	2,388	November	July	53	2.2%
2011	2,365	September	January	25	1.1%

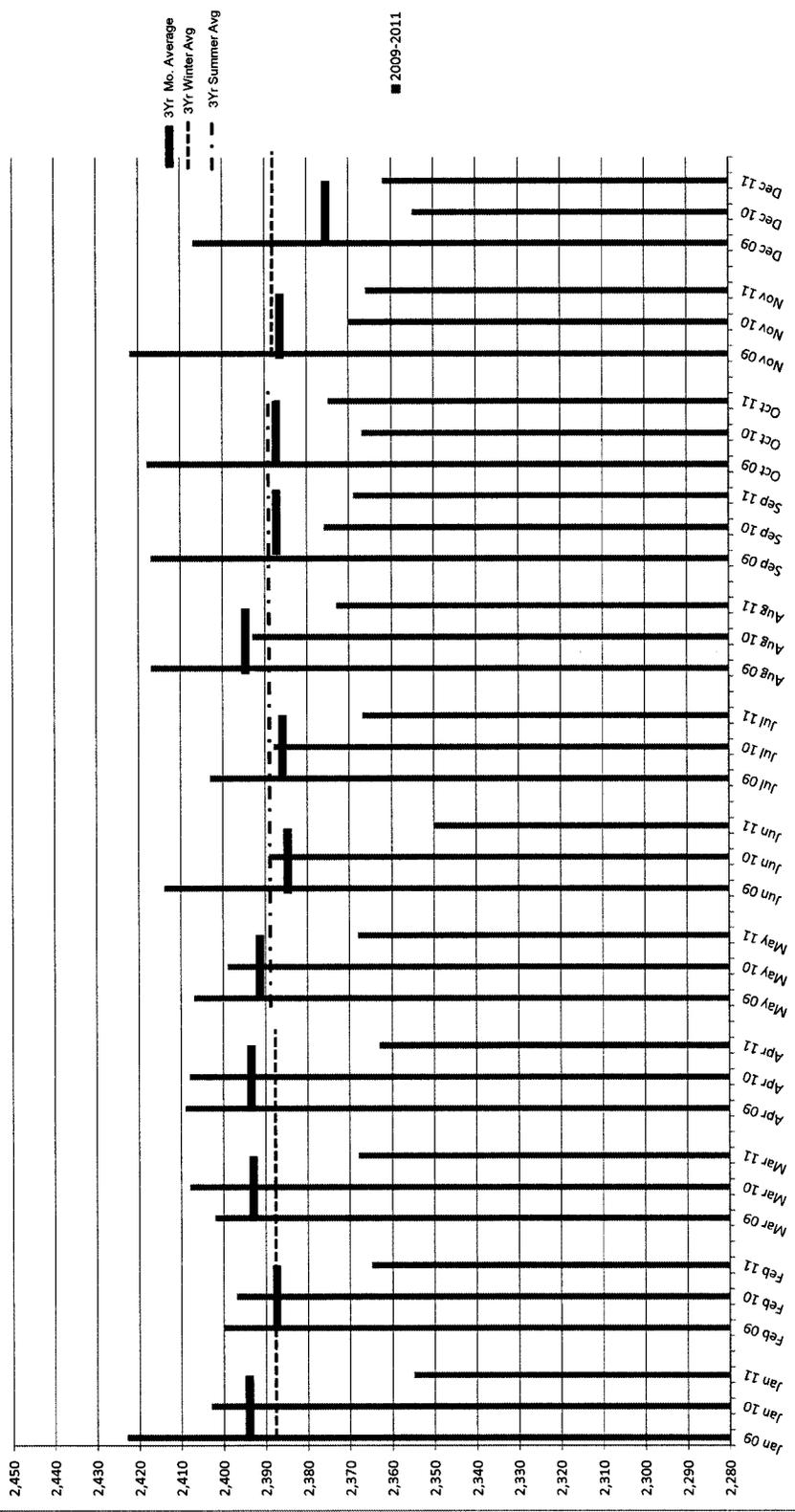
2009-2011 All Customers



3 Year Average Annual	2,548
3 Yr. Winter Avg.	2,547
3 Yr. Summer Avg.	2,548
Difference	-1
% Variance	-0.04%

3 Year Average Annual	2,547
Maximum 3 Yr. Month Avg.	2,552
Minimum 3 Yr. Month Avg.	2,539
Difference	13
% Variance	0.51%

2009-2011 5/8x3/4 Inch Customers



**Avra Water Co-Op, Inc.
Docket No. W-02126A-11-0480**

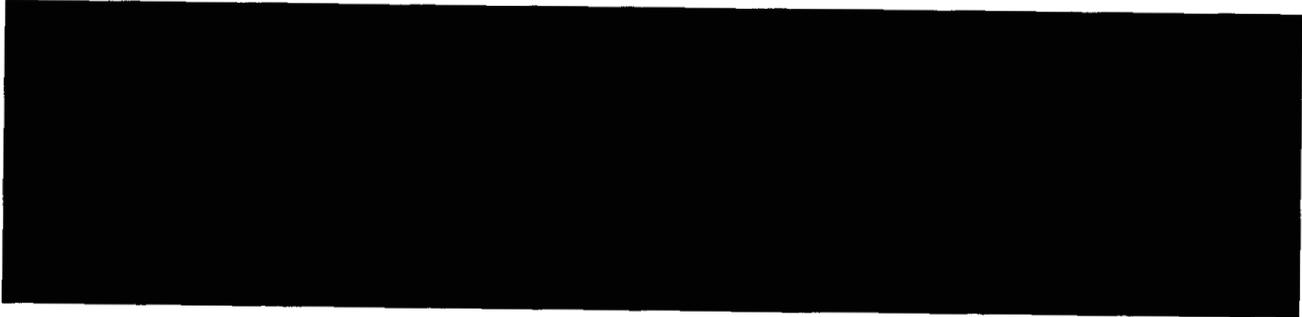
**THOMAS J. BOURASSA
REBUTTAL TESTIMONY
(RATE BASE, INCOME STATEMENT, RATE DESIGN)**

September 24, 2012

EXHIBIT TJB-RB-3

**ARIZONA CORPORATION COMMISSION
STAFF'S RESPONSES TO
AVRA WATER CO-OPERATIVE'S FIRST SET OF
DATA REQUESTS
DOCKET NO. W-02126A-11-0480**

AUGUST 29, 2012



CDR 1.2: Seasonal Customer Base - Please provide copies of all studies, analyses, reports, charts, graphs, etc. supporting Staff's assertion that Avra's customer base is "largely seasonal" in nature (see page 5, line of Mr. Becker's testimony).

RESPONSE: Staff relied on information contained in the Cooperative's response to Staff Data Request 1.3 and data on Schedule H-2, page 4 of its application. See attached worksheet (Customer Counts.xlsx) which reflects the Cooperative's response to Staff Data Request 1.3 and data on Schedule H-2, page 4 of its application.

RESPONDENT: Gerald Becker, Staff, Arizona Corporation Commission

CDR 1.3: Seasonal Customer Base - Please identify all of the seasonal fluctuations in Avra's customer base that Staff identified.

RESPONSE: See response to CDR 1.2.

RESPONDENT: Gerald Becker, Staff, Arizona Corporation Commission

**Avra Water Co-Op, Inc.
Docket No. W-02126A-11-0480**

**THOMAS J. BOURASSA
REBUTTAL TESTIMONY
(RATE BASE, INCOME STATEMENT, RATE DESIGN)**

September 24, 2012

EXHIBIT TJB-RB-4

Avra Water Co-Op, Inc.
 Revenue Breakdown Summary
 Present Rates

		Present	Commodity	Commodity	Commodity	Total
		Monthly	First Tier	Second Tier	Third Tier	
		<u>Mins</u>	<u>First Tier</u>	<u>Second Tier</u>	<u>Third Tier</u>	<u>Total</u>
5/8x3/4 Inch		\$ 801,852	\$ 343,575	\$ 114,904	\$ 135,389	\$ 1,395,720
5/8x3/4 Inch	2 Unit	\$ 58,560	\$ 20,290	\$ 10,749	\$ 16,916	\$ 106,516
5/8x3/4 Inch	3 Unit	\$ 3,395	\$ 1,109	\$ 797	\$ 454	\$ 5,754
3/4 Inch		\$ 12,732	\$ 3,334	\$ 911	\$ 937	\$ 17,914
3/4 Inch	7 Unit	\$ 2,037	\$ 224	\$ 226	\$ 1,756	\$ 4,243
1 Inch		\$ 16,975	\$ 4,497	\$ 1,173	\$ 1,236	\$ 23,882
1 1/2 Inch		\$ 3,395	\$ 507	\$ 8	\$ -	\$ 3,910
2 Inch Meter		\$ 8,148	\$ 1,051	\$ 137	\$ 60	\$ 9,396
4 Inch		\$ 8,488	\$ 460	\$ 377	\$ 73	\$ 9,397
6 Inch		\$ -	\$ -	\$ -	\$ -	\$ -

Construction/Standpipe	\$ -	\$ 189	\$ -	\$ -	\$ 189
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TOTALS	\$ 915,582	\$ 375,236	\$ 129,282	\$ 156,821	\$ 1,576,921
Percent of Total	58.06%	23.80%	8.20%	9.94%	100.00%
Cummulative %	58.06%	81.86%	90.06%	100.00%	

Avra Water Co-Op, Inc.
Revenue Breakdown Summary
Proposed Rates

Attachment
Page 2

		Present	Commodity	Commodity	Commodity	Total
		Monthly	Commodity	Commodity	Commodity	
		<u>Mins</u>	<u>First Tier</u>	<u>Second Tier</u>	<u>Third Tier</u>	
5/8x3/4 Inch		\$ 801,852	\$ 365,177	\$ 163,344	\$ 227,380	\$ 1,557,753
5/8x3/4 Inch	2 Unit	\$ 58,560	\$ 21,084	\$ 14,663	\$ 27,788	\$ 122,095
5/8x3/4 Inch	3 Unit	\$ 3,395	\$ 1,118	\$ 1,100	\$ 841	\$ 6,453
3/4 Inch		\$ 12,732	\$ 3,561	\$ 1,339	\$ 1,587	\$ 19,218
3/4 Inch	7 Unit	\$ 2,037	\$ 225	\$ 281	\$ 2,695	\$ 5,238
1 Inch		\$ 16,975	\$ 6,219	\$ 3,907	\$ -	\$ 27,101
1 1/2 Inch		\$ 3,395	\$ 683	\$ -	\$ -	\$ 4,078
2 Inch Meter		\$ 8,148	\$ 1,747	\$ -	\$ -	\$ 9,895
4 Inch		\$ 8,488	\$ 1,243	\$ -	\$ -	\$ 9,731
6 Inch		\$ -	\$ -	\$ -	\$ -	\$ -
Construction/Standpipe		\$ -	\$ 189	\$ -	\$ -	\$ 189
TOTALS		\$ 915,582	\$ 401,246	\$ 184,633	\$ 260,291	\$ 1,761,753
Percent of Total		51.97%	22.78%	10.48%	14.77%	100.00%
Cummulative %		51.97%	74.75%	85.23%	100.00%	

Avra Water Co-Op, Inc. - Staff Proof
 Revenue Breakdown Summary
 Proposed Rates

Attachment
 Page 2

	Present Monthly <u>Mins</u>	Commodity <u>First Tier</u>	Commodity <u>Second Tier</u>	Commodity <u>Third Tier</u>	<u>Total</u>
5/8x3/4 Inch	\$ 768,122	\$ 281,415	\$ 217,809	\$ 287,399	\$ 1,554,746
5/8x3/4 Inch 2 Unit	\$ 56,097	\$ 15,360	\$ 16,914	\$ 33,652	\$ 122,024
5/8x3/4 Inch 3 Unit	\$ 3,252	\$ 750	\$ 1,193	\$ 1,279	\$ 6,474
3/4 Inch	\$ 12,732	\$ 2,714	\$ 1,984	\$ 2,081	\$ 19,510
3/4 Inch 7 Unit	\$ 2,037	\$ 150	\$ 262	\$ 2,829	\$ 5,279
1 Inch	\$ 16,975	\$ 6,667	\$ 3,370	\$ -	\$ 27,012
1 1/2 Inch	\$ 3,395	\$ 683	\$ -	\$ -	\$ 4,078
2 Inch Meter	\$ 8,148	\$ 1,747	\$ -	\$ -	\$ 9,895
4 Inch	\$ 8,488	\$ 1,243	\$ -	\$ -	\$ 9,731
6 Inch	\$ -	\$ -	\$ -	\$ -	\$ -
 Construction/Standpipe	 \$ -	 \$ 189	 \$ -	 \$ -	 \$ 189

TOTALS	<u>\$ 879,247</u>	<u>\$ 310,919</u>	<u>\$ 241,532</u>	<u>\$ 327,240</u>	<u>\$ 1,758,939</u>
Percent of Total	49.99%	17.68%	13.73%	18.60%	100.00%
Cummulative %	49.99%	67.66%	81.40%	100.00%	

EXHIBIT B

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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

GARY PIERCE – Chairman
BOB STUMP
SANDRA D. KENNEDY
PAUL NEWMAN
BRENDA BURNS

IN THE MATTER OF THE APPLICATION
OF AVRA WATER CO-OP, INC., AN
ARIZONA CORPORATION, FOR A
DETERMINATION OF THE CURRENT
FAIR VALUE OF ITS UTILITY PLANT
AND PROPERTY AND INCREASES IN
ITS WATER RATES AND CHARGES FOR
UTILITY SERVICE.

DOCKET NO. W-02126A-11-0480

REBUTTAL TESTIMONY OF

CHRIS WARD

ON BEHALF OF AVRA WATER CO-OP

1 **I. INTRODUCTION AND PURPOSE OF TESTIMONY.**

2 **Q1. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A1. My name is Chris Ward, 11821 Picture Rock Road, Tucson, Arizona 85743.

4 **Q2. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5 A2. I am employed by Avra Water Cooperative, Inc. ("Avra Water" or "Company") as
6 its general manager.

7 **Q3. HOW LONG HAVE YOU BEEN SO EMPLOYED?**

8 A3. I have been with Avra Water for approximately 14 years.

9 **Q4. PLEASE GIVE A BRIEF RESUME OF YOUR EDUCATION AND**
10 **EXPERIENCE AS IT RELATES TO THE UTILITY BUSINESS.**

11 A4. I have been involved with the water industry since 1984 and have held positions
12 from meter reader to general manager. I currently hold Arizona Department of
13 Environmental Quality certifications in Water Distribution, Grade 4 and Water
14 Treatment Grade 2.

15 **Q5. WILL YOU PLEASE DESCRIBE FOR THE RECORD THE LOCATION**
16 **OF THE AVRA WATER COOPERATIVE WATER SYSTEM?**

17 A5. Avra Water is a community-owned domestic water provider located in Avra
18 Valley, Pima County, Arizona. Avra Water is located west of the Tucson
19 Mountains adjacent to the Saguaro National Park on the northwest side of the
20 Tucson metropolitan area. Our service area of 12.48 square miles is composed of
21 four non-contiguous, but closed spaced areas, all located within unincorporated
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1 Pima County. (Sections 1, 3, 4, 5, 7, 8, 9, 10, 11, 12, 16, 18, 19 and 20 in T-13-S,
2 R-11-E; also Sections 33, 34 and 35 in T-12-E, R-11-E.

3

4 **Q6. PLEASE DESCRIBE THE SERVICE AREA AND COMPANY**
5 **OPERATIONS.**

6 A6. Avra Water provides water service to approximately 2,535 active water accounts at
7 the end of the test year. The service area is a “bedroom” community composed
8 primarily of single family mobile homes on one to five acres of land. Water is
9 supplied from three deep wells through six storage reservoirs, six booster pump
10 stations, and approximately 80 miles of distribution mains. The water pumping
11 and distribution system is controlled by a SCADA system utilizing FM radio
12 telemetry. All of Avra Water’s 2,535 customers are metered. Avra Water provides
13 water to the Picture Rocks Fire District, two schools within the Marana School
14 District, Pima County Sheriff’s Department Substation, and the Picture Rocks
15 Health Center. The Avra Water staff currently consists of a general manager and
16 eight other full time employees in two departments. The Operations Department
17 consists of five distribution operators. The Administration Department consists of
18 a customer service technician, an administrative assistant and a part-time water
19 conservation technician.

20

21 **Q7. HAVE YOU REVIEWED THE DIRECT TESTIMONIES OF STAFF**
22 **WITNESSES GERALD BECKER AND MARLIN SCOTT, Jr.?**

23 A7. Yes, I have.

24

25 **Q8. DO YOU DISAGREE WITH ANY PROVISIONS IN THESE DIRECT**
26

1 rebuttal and rejoinder testimony and Staff will be preparing surrebuttal testimony.
2 Thereafter, Avra Water will need to prepare for and attend the hearing, prepare
3 exceptions if necessary, and attend the Open Meeting. Avra Water will have a
4 better sense of rate case expense at the time its rejoinder testimony is completed
5 and at that time will have an opinion as to the appropriateness of Staff's reduction
6 to rate case expense.

7
8 **Q.13 STAFF HAS ALSO RECOMMENDED THAT AVRA WATER FILE AS A**
9 **COMPLIANCE ITEM, AT LEAST SEVEN (7) BMP'S WITHIN 90 DAYS.**
10 **DO YOU AGREE WITH THIS RECOMMENDATION?**

11 A.13 No. I feel this requirement adds unnecessary costs and is a duplication of State
12 regulatory oversight. As Staff correctly points out, the Company is enrolled as a
13 regulated tier I municipal provider in ADWR's Modified Non-Per Capita
14 Conservation Program and under this program we are required to implement the
15 Public Education Program and one additional BMP. (Exhibit MSJ, page 6 of 14).
16 As such, the Company and its member-customers have already implemented best
17 management practices consistent with ADWR requirements. In a very rural
18 community such as ours, with all properties being one acre or larger, left in a
19 natural vegetative state, with gardens, and some livestock, it seems that having
20 additional regulations imposed on the co-op member-customers and the co-op itself
21 seems like an undue burden. It is generous of Staff to allow us to use the cost for
22 this in the next rate case, but they are not taking into consideration the revenues
23 lost during that time period and the effect it would have on the co-op and its
24 members. Requiring additional BMP's would be costly and not economically
25 feasible. In addition, Staff does not identify any particular area where the
26

1 Company's management practices are inadequate or how implementation of a
2 minimum of seven of the listed management practices will benefit the Company or
3 its member-customers. In fact, Staff offers no justification for its recommendation.
4

5 The Company would agree to submit the above two (2) BMP's in tariff form that
6 substantially conforms to templates created by Staff.
7

8 **Q.14 DOES THAT CONCLUDE YOUR TESTIMONY?**

9 A.14 Yes it does.
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